



A.C.N. 063 656 333
A.B.N. 64 063 656 333

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

28 August 2014

Company Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sirs

REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2014

(Previous corresponding period: 30 June 2013)

Attached is our report for the six months ended 30 June 2014 incorporating the requirements of Appendix 4D.

Results for announcement to the market

	6 months to 30.06.2014	6 months to 30.06.2013	Change \$	Change %
Revenues from ordinary activities (A\$)	159.728m	138.431m	21.297m	15%
Net profit/(loss) for the period (A\$)	0.280m	(0.275m)	0.555m	202%
Net profit/(loss) for the period attributable to members (A\$)	0.019m	(0.542m)	0.561m	104%
Dividends (distributions)	Amount per security	Franked amount per security		
Interim dividend	NIL	NIL		
Previous interim dividend	NIL	NIL		

Brief explanation of any of the figures reported above:

Explanation of the results for the half-year ended 30 June 2014 is provided in Review of Results of Operations of the consolidated entity in the Half-Year Financial Report.

Net Tangible Asset Backing	Current Period	Previous Corresponding Period
Net tangible asset per ordinary security	0.23	0.29

There had been no entities gained or lost control in the half-year.

The applicable accounting standards used by the consolidated entity are the Australian Accounting Standards.

The financial report has been reviewed, and a copy of the independent review report is attached to the financial report.

Yours faithfully

ALAN A. YOUNG
Director



VIETNAM INDUSTRIAL INVESTMENTS LIMITED
A.B.N. 64 063 656 333

HALF-YEAR FINANCIAL REPORT 30 JUNE 2014

Corporate Information

A.B.N. 64 063 656 333

This half-year report covers the consolidated entity comprising Vietnam Industrial Investments Limited (“the Company”) and its subsidiaries (“the Group”). The Group's presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report. The directors' report is unaudited and does not form part of the financial report.

Directors

R.S.Kwok	<i>Independent Non-Executive Director, Chairman</i>
A.A. Young	<i>Managing Director (Chief Operating Officer)</i>
H.V.H. Lam	<i>Managing Director (Chief Executive Officer)</i>
A.D. Walker	<i>Independent Non-Executive Director</i>

P. Williams *Company Secretary*

Registered Office in Australia

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E-mail: administrator@vii.net.au
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Auditors

Ernst & Young
11 Mounts Bay Road
PERTH Western Australia 6000

Legal Advisors

Hardy Bowen
Level 1, 28 Ord Street
WEST PERTH Western Australia 6008

Bankers

Australia & New Zealand Banking Group Limited
8 St George's Terrace
PERTH Western Australia 6000

Bank of Western Australia Ltd
Bankwest Place, 300 Murray Street
PERTH Western Australia 6000

Share Registry

Security Transfer Registrars Pty Ltd
Suite 1/770 Canning Hwy
APPLECROSS Western Australia 6153

Home Exchange

Australian Securities Exchange
Exchange Plaza, 2 The Esplanade
PERTH Western Australia 6000

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Directors' Report

Your directors submit their report for the half-year ended 30 June 2014.

DIRECTORS

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Roger (Sing-Leong) Kwok, *Independent Non-Executive Director, Chairman*
Henry (Van Hung) Lam, *Managing Director (Chief Executive Officer)*
Alan Alexander Young, *Managing Director (Chief Operating Officer)*
Andrew David Walker, *Independent Non-Executive Director*

On 28 April 2014, VII announced that the VII Board considered that it was in the best interests of VII and its shareholders to terminate the Scheme Implementation Agreement ("SIA").

As a result of the termination of the SIA, VII shareholders will retain their VII shares, VII will continue to be the parent company of the VII Group domiciled in Australia and as a company listed on the ASX will continue to incur the ongoing compliance costs of remaining listed on the ASX.

REVIEW AND RESULTS OF OPERATIONS

The total comprehensive loss for the period was \$1.957 million compared to previous period's total comprehensive income of \$3.805 million. The total comprehensive loss for the period consisted of: 1) Net profit for the period of \$0.280 million (2013 net loss: \$0.275 million), and 2) Foreign currency translation loss of \$2.237 million (2013: gain of \$4.080 million).

Net profit for the period

For the period ended 30 June 2014 ("1H2014"), the Group's net profit after tax was \$0.280 million on revenues of \$159.728 million (including interest income of \$1.678 million and other income of \$0.777 million) (2013: net loss after tax \$0.275 million on revenues of \$138.431 million).

The Group's net profit after tax for the period ended 30 June 2014 included the net profit of Vietnam operations which was attributable to the operations of the Steel Making Division (Vinausteel and SSESTEEL). The Steel Making Division contributed a net profit after tax of \$0.205 million (2013: net loss after tax of \$0.112 million). The Steel Making Division 1H2014 sales of \$153.630 million (VND2.975 trillion) is higher than previous corresponding period of \$135.427 million (VND2.858 trillion). Sales in SSESTEEL increased by 16% which contributed to the increase in net result for 1HY2014. Moreover, SSESTEEL's net loss after tax decreased from 1HY2013 net loss after tax of \$0.934 million to 1HY2014 net loss after tax of \$0.530 million for the half-year ended 30 June 2014.

The corporate net loss after tax was \$0.491 million (2013: net loss after tax of \$0.183 million).

The Steel Product Division (Austnam, and TBS) reported a net profit after tax of \$0.147 million (2013: net profit after tax of \$0.049 million).

VRC was classified as a disposal group held for sale at 31 December 2013 and as a discontinued operation. For the period ended 30 June 2014, VRC reported a net profit after tax of \$0.419 million (2013: net loss after tax of \$0.029 million) which included a gain on property and equipment of \$0.444 million as VRC sold its land and factory for \$1.291 million. Towards the end of 30 June 2014, management are considering options to continue the VRC operation on a scaled down business.



REVIEW AND RESULTS OF OPERATIONS (continued)

Foreign currency translation

For the half year ended 30 June 2014, the foreign currency translation loss was \$2.237 million (2013: gain of \$4.080 million). VND depreciated against the AUD over the 1H2014 reporting period.

The results of the Vietnam operations are as follows:

Steel Making Division

SSESTEEL Ltd (VII 100%)

SSESTEEL owns and operates a fully automated rolling mill based in Hai Phong. It produces high tensile rebar and wire rod for the construction industry.

Sales of VND1.956 trillion (\$101.030 million) were up by 16% on 2013 (VND1.690 trillion (\$80.080 million)). Finished goods sales volumes for 2014 were 84,282 tonnes, a decrease of 9% on the previous period (92,789 tonnes).

SSESTEEL recorded a net loss after tax of VND10.272 billion (\$0.530 million) for the half-year ended 30 June 2014 (2013: net loss after tax: VND19.727 billion (\$0.934 million)).

Vinausteel Ltd (VII 70%)

Vinausteel owns and operates a steel rolling mill in Haiphong which produces round and deformed reinforcing steel bar for the construction industry.

Sales of VND1.019 trillion (\$52.600 million) were down by 13% on 2013 (VND1.168 trillion (\$55.347 million)). Sales for 2014 were 78,095 tonnes, a decrease of 6% on the previous period (83,436 tonnes).

Vinausteel recorded a net profit after tax of VND14.243 billion (\$0.736 million) for the half-year ended 30 June 2014 (2013: a net profit after tax of VND17.345 billion (\$0.822 million)).

Steel Products Division

Austnam Joint Stock Corporation (VII 67%)

Austnam produces metal roofing and cladding from its factory in Hanoi which it distributes in that city and surrounding provinces.

Sales of VND23.484 billion (\$1.212 million) were up by 8% on 2013 (VND21.758 billion (\$1.031 million)). Sales volumes were 186,730m² which was 94% higher than the previous period (96,069m²).

Austnam reported a net profit after tax of VND2.359 billion (\$0.122 million) (2013: net profit after tax of VND1.300 billion (\$0.061 million)).

Total Building Systems Ltd (VII 99%)

Total Building Systems Limited ("TBS") is a full service building systems provider supplying engineering services, building systems and construction services to industrial and commercial customers in Vietnam.

Sales of VND47.066 billion (\$2.431 million) were up by 207% on 2013 (VND15.333 billion (\$0.727 million)). TBS recorded a net profit after tax of VND0.488 billion (\$0.025 million) (2013: net loss after tax of VND0.258 billion (\$0.012 million)).



REVIEW AND RESULTS OF OPERATIONS (continued)

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

ROUNDING

The amounts contained in the half-year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 30 June 2014.

Signed in accordance with a resolution of the directors.



ALAN A. YOUNG
Director

Hanoi, 28 August 2014





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Auditor's Independence Declaration to the Directors of Vietnam Industrial Investments Limited

In relation to our review of the financial report of Vietnam Industrial Investments Limited for the half-year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Peter McIver
Partner
28 August 2014

FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Notes	CONSOLIDATED	
		2014 \$'000	2013 \$'000
CONTINUING OPERATIONS			
Sale of goods		154,842	135,877
Contract revenue		2,431	1,307
Interest income	4	1,678	1,066
		<u>158,951</u>	<u>138,250</u>
Cost of sales		<u>(152,172)</u>	<u>(131,187)</u>
Gross profit		<u>6,779</u>	<u>7,063</u>
Other income	4	777	181
Selling expenses	4	(1,875)	(1,296)
Administrative expenses	4	(3,717)	(3,631)
Finance costs		<u>(1,943)</u>	<u>(2,389)</u>
Profit/(loss) before income tax		21	(72)
Income tax expense	5	<u>(160)</u>	<u>(174)</u>
Loss for the period from continuing operations		(139)	(246)
DISCONTINUED OPERATION			
Profit/(loss) after tax from discontinued operation	8	<u>419</u>	<u>(29)</u>
Net profit/(loss) for the period		280	(275)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences – foreign operations	10	<u>(2,237)</u>	<u>4,080</u>
Other comprehensive (loss)/income for the period		<u>(2,237)</u>	<u>4,080</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<u>(1,957)</u>	<u>3,805</u>
Net profit/(loss) after tax attributable to:			
Equity holders of the parent		19	(542)
Non-controlling interests		<u>261</u>	<u>267</u>
		<u>280</u>	<u>(275)</u>
Total comprehensive (loss)/income net of tax attributable to:			
Equity holders of the parent		(2,005)	3,203
Non-controlling interests		<u>48</u>	<u>602</u>
		<u>(1,957)</u>	<u>3,805</u>



FOR THE HALF-YEAR ENDED 30 JUNE 2014

	CONSOLIDATED	
	2014	2013
Profit/(loss) per share (cents per share) for profit/(loss) attributable to the ordinary equity holders of the company:		
- basic profit/(loss) per share	0.00	(0.01)
- diluted profit/(loss) per share	0.00	(0.01)
Loss per share (cents per share) for continuing operations loss attributable to the ordinary equity holders of the company:		
- basic loss per share	(0.00)	(0.01)
- diluted loss per share	(0.00)	(0.01)

The accompanying notes form part of the financial report



AS AT 30 JUNE 2014

	Notes	CONSOLIDATED	
		As at 30 June 2014 \$'000	As at 31 December 2013 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	35,507	51,149
Trade and other receivables		12,258	12,274
Advances to suppliers		27,729	29,608
Inventories		33,068	42,428
Financial assets at fair value through profit or loss		9	9
Other current assets		254	305
		<u>108,825</u>	<u>135,773</u>
Assets held for sale	8	-	1,649
Total Current Assets		<u>108,825</u>	<u>137,422</u>
Non-current Assets			
Receivables		5	5
Property, plant and equipment		5,721	6,504
Deferred tax assets		36	44
Intangible assets and goodwill		78	78
Total Non-current Assets		<u>5,840</u>	<u>6,631</u>
TOTAL ASSETS		<u>114,665</u>	<u>144,053</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		11,919	9,515
Advances from customers		1,266	1,504
Income tax provision		462	675
Interest-bearing loans and borrowings	9	64,802	92,742
Provisions		617	655
		<u>79,066</u>	<u>105,091</u>
Liabilities held for sale	8	-	871
Total Current Liabilities		<u>79,066</u>	<u>105,962</u>
Non-current Liabilities			
Interest-bearing loans and borrowings	9	115	122
Total Non-current Liabilities		<u>115</u>	<u>122</u>
TOTAL LIABILITIES		<u>79,181</u>	<u>106,084</u>
NET ASSETS		<u>35,484</u>	<u>37,969</u>
EQUITY			
Contributed equity	6	27,819	27,819
Reserves		(11,960)	(9,922)
Foreign currency translation reserves of disposal group classified held for sale		-	(14)
Retained earnings		16,616	16,597
Parent interests		<u>32,475</u>	<u>34,480</u>
Non-controlling interests		<u>3,009</u>	<u>3,489</u>
TOTAL EQUITY		<u>35,484</u>	<u>37,969</u>

The accompanying notes form part of the financial report.



STATEMENT OF CHANGES IN EQUITY - Page 9 -

FOR THE HALF-YEAR ENDED 30 JUNE 2014

CONSOLIDATED	Attributable to equity holders of the parent						Non-controlling interests	Total equity
	Contributed equity	Foreign currency translation reserves	Retained Earnings	Discontinued Operation	Legal reserves	Owners of the parent		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2014	27,819	(11,046)	16,597	(14)	1,124	34,480	3,489	37,969
Net profit for the period	-	-	19	-	-	19	261	280
Other comprehensive loss	-	(2,024)	-	-	-	(2,024)	(213)	(2,237)
Total comprehensive loss for the period	-	(2,024)	19	-	-	(2,005)	48	(1,957)
Discontinued operation	-	(14)	-	14	-	-	-	-
Dividends paid by subsidiaries	-	-	-	-	-	-	(528)	(528)
At 30 June 2014	27,819	(13,084)	16,616	-	1,124	32,475	3,009	35,484
At 1 January 2013	27,819	(16,636)	25,753	248	1,124	38,308	3,748	42,056
Net loss for the period	-	-	(542)	-	-	(542)	267	(275)
Other comprehensive income	-	3,745	-	-	-	3,745	335	4,080
Total comprehensive income for the period	-	3,745	(542)	-	-	3,203	602	3,805
Discontinued operation	-	154	-	(154)	-	-	-	-
Dividends paid by subsidiaries	-	-	-	-	-	-	(550)	(550)
At 30 June 2013	27,819	(12,737)	25,211	94	1,124	41,511	3,800	45,311

The accompanying notes form part of the financial report.



FOR THE HALF-YEAR ENDED 30 JUNE 2014

	Notes	CONSOLIDATED	
		2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts from customers		158,484	134,791
Payments to suppliers and employees		(149,027)	(130,908)
Interest income		1,678	1,066
Borrowing costs		(1,944)	(2,389)
Income tax paid		(334)	(248)
Net cash flows provided by operating activities		<u>8,857</u>	<u>2,312</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(61)	(567)
Proceeds from sale of property, plant and equipment		1,162	5
Net cash flows provided by/(used in) investing activities		<u>1,101</u>	<u>(562)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		159,901	122,030
Repayment of bank borrowings		(183,779)	(134,280)
Proceeds from other creditors		991	-
Repayments to other creditors		(354)	-
Dividends paid to non-controlling interests		(528)	(550)
Net cash flows (used in)/provided by financing activities		<u>(23,769)</u>	<u>(12,800)</u>
Net decrease in cash and cash equivalents		(13,811)	(11,050)
Net foreign exchange difference		(2,515)	2,694
Cash and cash equivalents at beginning of period		51,833	37,144
Cash and cash equivalents at end of period	7	<u>35,507</u>	<u>28,788</u>

The accompanying notes form part of the financial report.



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2014

1. CORPORATE INFORMATION

The half year financial statements of the Company and its subsidiaries (the Group) for the six months ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 25 August 2014.

Vietnam Industrial Investments Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The Group is a for-profit entity. The principal activities of the Group are described in the Directors' Report.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

The half year financial statements for the six months ended 30 June 2014 are condensed general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations as of 1 January 2014, noted below:

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124];
- AASB 2012-3 Amendments to Australian Accounting Standards-Offsetting Financial Assets and Financial Liabilities;
- Interpretation 21 Levies;
- AASB 2013-3 Amendments to AASB 136-Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-4 Amendments to Australian Accounting Standards- Novation of Derivatives and Continuation of Hedge Accounting [AASB 139];
- AASB 2013-5 Amendments to Australian Accounting Standards-Investment Entities;
- AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038];
- AASB 1031 Materiality.

The adoption of those accounting standards and interpretations had no material impact on the financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has not been issued but is not yet effective.



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

2. SEGMENT INFORMATION

Segment Performance

	Steel Making \$'000	Steel Products \$'000	Unallocated \$'000	Total \$'000
Half-year ended 30 June 2014				
Revenues				
External revenues	153,630	3,643	-	157,273
Inter-segment revenues	19	-	-	19
Interest income	1,649	29	-	1,678
Total segment revenues	<u>155,298</u>	<u>3,672</u>	<u>-</u>	<u>158,970</u>
Inter-segment elimination				<u>(19)</u>
Total revenue per statement of comprehensive income				<u>158,951</u>
Results				
Segment result before tax	360	152	(491)	21
Income tax expense	(155)	(5)	-	(160)
Net loss after tax from continuing operations	<u>205</u>	<u>147</u>	<u>(491)</u>	<u>(139)</u>
Half-year ended 30 June 2013				
Revenues				
External revenues	135,427	1,757	-	137,184
Inter-segment revenues	4	610	-	614
Interest income	1,048	18	-	1,066
Total segment revenues	<u>136,479</u>	<u>2,385</u>	<u>-</u>	<u>138,864</u>
Inter-segment elimination				<u>(614)</u>
Total revenue per statement of comprehensive income				<u>138,250</u>
Results				
Segment result before tax	62	49	(183)	(72)
Income tax expense	(174)	-	-	(174)
Net loss after tax from continuing operations	<u>(112)</u>	<u>49</u>	<u>(183)</u>	<u>(246)</u>



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

3. SEGMENT INFORMATION (continued)

	Steel Making \$'000	Steel Products \$'000	Unallocated \$'000	Total \$'000
Segment assets				
At 30 June 2014				
Segment assets	109,738	5,351	862	115,951
Inter-segment eliminations				(1,286)
Total assets per statement of financial position				<u>114,665</u>
At 31 December 2013				
Segment assets	137,958	4,659	1,893	144,510
Disposal group classified as held for sale				1,649
Inter-segment eliminations				(2,106)
Total assets per statement of financial position				<u>144,053</u>
Segment liabilities				
At 30 June 2014				
Segment liabilities	77,030	5,021	883	82,934
Inter-segment eliminations				(3,753)
Total liabilities per statement of financial position				<u>79,181</u>
At 31 December 2013				
Segment liabilities	101,527	2,518	1,364	105,409
Disposal group classified as held for sale				871
Inter-segment eliminations				(196)
Total liabilities per statement of financial position				<u>106,084</u>

4. REVENUE AND EXPENSES

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	CONSOLIDATED	
	2014 \$'000	2013 \$'000
(i) Other income		
Consultancy service income	509	-
Rent income	91	60
Other	177	121
	<u>777</u>	<u>181</u>
(ii) Interest income		
Banks	936	1,066
Customers	742	-
	<u>1,678</u>	<u>1,066</u>
(ii) Expenses		
Depreciation and amortisation	(455)	(816)
Foreign exchange loss	(110)	(152)



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

4. REVENUE AND EXPENSES (continued)

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
(iii) Selling expenses		
Salaries and wages	(242)	(313)
Delivery expenses	(102)	(188)
Other	(1,531)	(795)
	<u>(1,875)</u>	<u>(1,296)</u>
(iv) Administration expenses		
Employee related expenses	(786)	(1,172)
Consultancy service expenses	(509)	-
Impairment of receivables	(354)	(431)
Professional fees	(323)	(213)
Rent expenses	(220)	(191)
Travel expenses	(30)	(538)
Other	(1,495)	(1,086)
	<u>(3,717)</u>	<u>(3,631)</u>

5. INCOME TAX EXPENSE

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
Income tax expense consists of:		
Current income tax	(155)	(174)
Deferred tax income	(5)	-
	<u>(160)</u>	<u>(174)</u>
Current income tax expense consists of:		
Vinausteel income tax expense	(155)	(174)
Austnam income tax expense	(5)	-
	<u>(160)</u>	<u>(174)</u>

6. CONTRIBUTED EQUITY

	CONSOLIDATED	
	30 June 2014	31 December 2013
	\$'000	\$'000
Ordinary shares	<u>27,819</u>	<u>27,819</u>
	Number	Number
Number of shares	<u>142,277,423</u>	<u>142,277,423</u>



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

7. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2014	2013
	\$'000	\$'000
For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	6,719	3,810
Short-term deposits	28,788	24,938
	35,507	28,748
Cash at bank attributable to discontinued operation	-	40
	35,507	28,788

8. DISCONTINUED OPERATION

In 2012, the Board of Directors decided to discontinue the operations of VRC Weldmesh (Vietnam) Limited (“VRC”) despite management’s efforts to cut costs and improve revenues. VRC is wholly owned subsidiary of Vietnam Projects (Singapore) Pte Ltd which Vietnam Industrial Investments Limited owns 100%. VRC was part of the Steel Products division. VRC was classified as a disposal group held for sale at 31 December 2013 and as a discontinued operation.

During the period, VRC sold its land and factory for \$1.291 million and recognised a gain of \$0.444 million. Towards the end of 30 June 2014, management are considering options to continue the VRC operation on a scaled down business.

The result of VRC for the period is as follows:

	30 June 2014	30 June 2013
	\$'000	\$'000
Revenue	249	77
Gain on sale of property, plant and equipment	444	-
Expense	(274)	(106)
Profit/(loss) for the period from discontinued operation	419	(29)



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

8. DISCONTINUED OPERATION (continued)

The major assets and liabilities of VRC disclosed as held for sale at 31 December 2013 are as follows:

	31 December 2013 \$'000
ASSETS	
Property, plant and equipment	622
Intangible assets	246
Cash	684
Receivables	57
Others	40
Disposal group classified as held for sale	1,649
LIABILITIES	
Other payables	871
Liabilities directly associated with disposal group classified as held for sale	871
Foreign currency translation reserves of a disposal group classified held for sale	(14)

The major assets disposed of during the period are as follows:

	30 June 2014 \$'000
Property, plant and equipment	607
Intangible assets	240
	847

	30 June 2014 Cents	30 June 2013 Cents
Earnings/(loss) per share:		
Basic and diluted earnings/(loss) per share for the period from discontinued operations	0.00	(0.00)

The net cash flows incurred by VRC are as follows:

	30 June 2014 \$'000	30 June 2013 \$'000
Operating	(787)	(36)
Investing	1,162	5
Financing	-	-
Net cash flow outflow	(375)	(31)



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2014**

9. INTEREST-BEARING LOANS AND BORROWINGS

	30 June 2014	31 December 2013
	\$'000	\$'000
Current		
Bank loans – secured	64,180	92,733
Other creditor	622	9
	64,802	92,742
Non-Current		
Other creditor	115	122
	115	122

Terms and conditions of Interest bearing loans and borrowings

Outstanding bank loans of \$64.180 million (31 December 2013: \$92.733 million) relate to loans from various banks in Vietnam which are denominated in Vietnamese Dong and US Dollar. These interest bearing liabilities of the Group's operating subsidiaries have various repayment terms. The Group's operating subsidiaries in Vietnam have banking facilities with various banks in Vietnam for working capital and project finance purposes. These facilities are secured by a chattel pledge over machinery, equipment, receivables and inventories of the subsidiaries and in certain instances, by the guarantee of Vietnam Industrial Investments Limited ("Parent"). The Parent has provided security to various banks for banking facilities provided to Vietnam subsidiaries in the form of letters of guarantee totalling US\$16.000 million (\$16.985 million) (31 December 2013: US\$16.000 million (\$17.881 million)). At 30 June 2014 the total interest bearing liabilities drawdown to which these corporate guarantees relate to were US\$14.482 million (\$15.374 million) (31 December 2013: US\$13.810 million (\$15.434 million)).

10. FAIR VALUE MEASUREMENT

The carrying values of financial assets and financial liabilities approximate their fair values at the balance sheet date.

11. FOREIGN CURRENCY TRANSLATION

The foreign currency translation in the statement of comprehensive income reflects the movement of foreign currency between the assets and liabilities of the Vietnam subsidiaries and the investment in an associate which are translated to Australian Dollars (presentation currency) at the prevailing rate at the reporting date, and the results of these subsidiaries and associate which are translated at exchange rates as at the date of each transaction.

12. COMMITMENTS AND CONTINGENCIES

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

13. EVENTS AFTER BALANCE SHEET DATE

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the consolidated entity in future financial years.



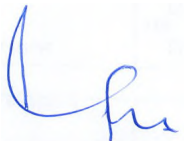
Directors' Declaration

In accordance with a resolution of the directors of Vietnam Industrial Investments Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2014 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



ALAN A. YOUNG
Director

Hanoi, 28 August 2014



Report on the Half-Year Financial Report To the members of Vietnam Industrial Investments Limited

We have reviewed the accompanying half-year financial report of Vietnam Industrial Investments Limited, which comprises the condensed statement of financial position as at 30 June 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vietnam Industrial Investments Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vietnam Industrial Investments is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Peter McIver
Partner
Perth
28 August 2014