



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

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

29 August 2013

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

Dear Sirs

REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2013

(Previous corresponding period: 30 June 2012)

Attached is our report for the six months ended 30 June 2013 incorporating the requirements of Appendix 4D.

Results for announcement to the market

	6 months 30.06.2013	6 months 30.06.2012	Change \$	Change %
Revenues from ordinary activities (A\$)	138.431m	204.082m	(65.651m)	(32%)
Net loss for the period (A\$)	(0.275m)	(0.793m)	0.518m	(65%)
Net loss for the period attributable to members (A\$)	(0.542m)	(1.082m)	0.540m	(50%)
Dividends (distributions)	Amount per security	Franked amount per security		
Interim dividend	NIL	NIL		
Previous interim dividend	AS0.063	0%		

Brief explanation of any of the figures reported above:

Explanation of the results for the half-year ended 30 June 2013 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	0.29	0.27

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 2013

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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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 2013.

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, *Chairman (appointed on 26 February 2013)
and Independent Non-Executive Director*

Henry (Van Hung) Lam, *Managing Director (Chief Executive Officer)*

Alan Alexander Young, *Managing Director (Chief Operating Officer)*

Andrew David Walker, *Independent Non-Executive Director*

Alexander John Hambly, *Chairman and Non-Executive Director (resigned 22 February 2013)*

REVIEW AND RESULTS OF OPERATIONS

The total comprehensive income for the period was \$3.805 million compared to previous period's total comprehensive loss of \$0.750 million. The total comprehensive income for the period consisted of: 1) Net loss for the period of \$0.275 million (2012 net loss: \$0.793 million), and 2) Foreign currency translation of a gain of \$4.080 million (2012: gain of \$0.043 million).

Net loss for the period

For the period ended 30 June 2013 ("1H2013"), the Group's net loss after tax was \$0.275 million on revenues of \$138.431 million (including other income of \$0.181 million and interest income of \$1.066 million) (2012: net loss after tax \$0.793 million on revenues of \$204.082 million).

The Group's net loss after tax for the period ended 30 June 2013 included the net loss of Vietnam operations which was attributable to the operations of the Steel Making Division (Vinausteel and SSESTEEL). The Steel Making Division contributed a net loss after tax of \$0.112 million (2012: net profit after tax of \$1.157 million). The Steel Making Division 1H2013 sales of \$135.427 million (VND2.858 trillion) is lower than previous corresponding period of \$198.067 million (VND4.291 trillion). This is due to lower sales volume of 176,225 tonnes in 1H2013 versus 227,277 tonnes in 1H2012, a decrease of 22% and lower selling prices. Gross profit margin remained at 4%.

The Steel Product Division (Austnam and TBS) reported a net profit after tax of \$0.049 million (2012: net profit after tax of \$0.179 million).

In 2012, VRC had been classified as a disposal group held for sale and as a discontinued operation. VRC net loss after tax for the period ended 30 June 2013 was \$0.029 million (2012: Net loss after tax of \$0.187 million).

Foreign currency translation

For the half year ended 30 June 2013, the foreign currency translation was a gain of \$4.080 million (2012: gain of \$0.043 million). VND appreciated against the AUD over the 1H2013 reporting period.



REVIEW AND RESULTS OF OPERATIONS (continued)

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 VND1.690 trillion (\$80.080 million) were down by 43% on 2012 (VND2.969 trillion or \$137.017 million). Finished goods sales volumes for 2013 were 92,789 tonnes, a decrease of 34% on the previous period (141,626 tonnes).

SSESTEEL recorded a net loss after tax of VND19.727 billion (\$0.934 million) for the half-year ended 30 June 2013 (2012 net profit after tax: VND6.627 billion or \$0.306 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 VND1.168 trillion (\$55.347 million) were down by 12% on 2012 (VND1.323 trillion or \$61.050 million). Sales for 2013 were 83,436 tonnes, a decrease of 3% on the previous period (85,651 tonnes). Vinausteel recorded a net profit after tax of VND17.345 billion (\$0.822 million) for the half-year ended 30 June 2013 (2012: VND18.449 billion or \$0.852 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 VND21.758 billion (\$1.031 million) were down by 30% on 2012 (VND31.237 billion or \$1.442 million). Sales volumes were 96,069m² which was 26% lower than the previous period (130,661m²). Austnam reported a net profit after tax of VND1.300 billion (\$0.061 million) (2012: VND2.179 billion or \$0.101 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 VND15.333 billion (\$0.727 million) were down by 78% on 2012 (VND70.344 billion or \$3.247 million). TBS recorded a net loss after tax of VND0.258 billion (\$0.012 million) (2012: net profit after tax VND1.698 billion or \$0.078 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 2013.

Signed in accordance with a resolution of the directors.



ALAN A. YOUNG
Director

Hai Phong, 29 August 2013



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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 2013, 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



P McIver
Partner
Perth
29 August 2013

FOR THE HALF-YEAR ENDED 30 JUNE 2013

	Notes	CONSOLIDATED	
		2013 \$'000	2012 \$'000
CONTINUING OPERATIONS			
Sale of goods		135,877	199,509
Contract revenue		1,307	3,247
Interest income		1,066	903
		<u>138,250</u>	<u>203,659</u>
Cost of sales		<u>(131,187)</u>	<u>(194,448)</u>
Gross profit		<u>7,063</u>	<u>9,211</u>
Other income	4	181	423
Selling expenses	4	(1,296)	(2,004)
Administrative expenses	4	(3,631)	(4,519)
Finance costs		<u>(2,389)</u>	<u>(3,444)</u>
Loss before income tax		(72)	(333)
Income tax expense	6	<u>(174)</u>	<u>(273)</u>
Loss for the period from continuing operations		(246)	(606)
DISCONTINUED OPERATIONS			
Loss after tax from discontinued operations	9	<u>(29)</u>	<u>(187)</u>
Net Loss for the period		(275)	(793)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences – foreign operations	10	<u>4,080</u>	<u>43</u>
Other comprehensive income for the period		<u>4,080</u>	<u>43</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>3,805</u>	<u>(750)</u>
Net (loss)/profit after tax attributable to:			
Equity holders of the parent		(542)	(1,082)
Non-controlling interests		267	289
		<u>(275)</u>	<u>(793)</u>
Total comprehensive income/(loss) net of tax attributable to:			
Equity holders of the parent		3,203	(1,022)
Non-controlling interests		602	272
		<u>3,805</u>	<u>(750)</u>



FOR THE HALF-YEAR ENDED 30 JUNE 2013

	CONSOLIDATED	
	2013	2012
Loss per share (cents per share) for loss attributable to the ordinary equity holders of the company:		
- basic loss per share	(0.01)	(0.76)
- diluted loss per share	(0.01)	(0.76)
Loss per share (cents per share) for continuing operations loss attributable to the ordinary equity holders of the company:		
- basic loss per share	(0.01)	(0.63)
- diluted loss per share	(0.01)	(0.63)

The accompanying notes form part of the financial report



AS AT 30 JUNE 2013

	Notes	CONSOLIDATED	
		As at 30 June 2013 \$'000	As at 31 December 2012 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	28,748	37,112
Trade and other receivables		10,098	19,999
Advances to suppliers		30,815	13,834
Inventories		25,770	42,634
Financial assets at fair value through profit or loss		9	9
Other current assets		341	249
		<u>95,781</u>	<u>113,837</u>
Assets held for sale	9	1,517	1,398
Total Current Assets		<u>97,298</u>	<u>115,235</u>
Non-current Assets			
Receivables		4	4
Property, plant and equipment		12,417	11,271
Deferred tax assets		50	45
Intangible assets and goodwill		79	79
Total Non-current Assets		<u>12,550</u>	<u>11,399</u>
TOTAL ASSETS		<u>109,848</u>	<u>126,634</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		9,798	22,791
Advances from customers		392	295
Income tax provision		490	516
Interest-bearing loans and borrowings		53,039	60,152
Provisions		624	622
		<u>64,343</u>	<u>84,376</u>
Liabilities held for sale	9	194	202
Total Current Liabilities		<u>64,537</u>	<u>84,578</u>
Non-current Liabilities			
Interest-bearing loans and borrowings		-	-
Total Non-current Liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>64,537</u>	<u>84,578</u>
NET ASSETS		<u>45,311</u>	<u>42,056</u>
EQUITY			
Contributed equity	7	27,819	27,819
Reserves		(11,613)	(15,512)
Foreign currency translation reserves of disposal group classified held for sale		94	248
Retained earnings		25,211	25,753
Parent interests		<u>41,511</u>	<u>38,308</u>
Non-controlling interests		<u>3,800</u>	<u>3,748</u>
TOTAL EQUITY		<u>45,311</u>	<u>42,056</u>

The accompanying notes form part of the financial report.



FOR THE HALF-YEAR ENDED 30 JUNE 2013

CONSOLIDATED	Attributable to equity holders of the parent					Total	Non-	Total equity
	Contributed equity	Foreign currency translation reserves	Retained Earnings	Discon- tinued Operation	Other reserves		controlling	
							interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
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
At 1 January 2012	27,819	(15,815)	37,431	-	1,124	50,559	4,456	55,015
Net loss for the period	-	-	(1,082)	-	-	(1,082)	289	(793)
Other comprehensive income/(loss)	-	60	-	-	-	60	(17)	43
Total comprehensive (loss)/ income for the period	-	60	(1,082)	-	-	(1,022)	272	(750)
Dividends declared to ordinary shareholders	-	-	(8,963)	-	-	(8,963)	-	(8,963)
Dividends paid by subsidiaries	-	-	-	-	-	-	(811)	(811)
At 30 June 2012	27,819	(15,755)	27,386	-	1,124	40,574	3,917	44,491

The accompanying notes form part of the financial report.



FOR THE HALF-YEAR ENDED 30 JUNE 2013

	Notes	CONSOLIDATED	
		2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers		134,791	196,522
Payments to suppliers and employees		(130,908)	(205,808)
Interest income		1,066	903
Borrowing costs		(2,389)	(3,444)
Income tax paid		(248)	(238)
Net cash flows provided by/(used in) operating activities		<u>2,312</u>	<u>(12,065)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(567)	(561)
Proceeds from sale of property, plant and equipment		5	-
Net cash flows used in investing activities		<u>(562)</u>	<u>(561)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		122,030	112,015
Repayment of bank borrowings		(134,280)	(105,985)
Dividends paid to non-controlling interests		(550)	(811)
Net cash flows (used in)/provided by financing activities		<u>(12,800)</u>	<u>5,219</u>
Net decrease in cash and cash equivalents		(11,050)	(7,407)
Net foreign exchange difference		2,694	(137)
Cash and cash equivalents at beginning of period		<u>37,144</u>	<u>25,246</u>
Cash and cash equivalents at end of period	8	<u>28,788</u>	<u>17,702</u>

The accompanying notes form part of the financial report.



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2013

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Company and its subsidiaries (the Group) for the six months ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 26 August 2013.

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 interim condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

New standards, interpretations and amendments thereof, adopted by the Group

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 2012, except for the adoption of new standards and interpretations as of 1 January 2013, noted below:

AASB 10 Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. The adoption of AASB 10 had no effect on the financial position or performance of the Group.

Consequential amendments were also made to other standards via AASB 2011-7.

AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Nonmonetary Contributions by Venturers. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2013

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The adoption of AASB 11 had no effect on the financial position or performance of the Group.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced regarding the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

The adoption of AASB 12 had no material impact on the financial statements of the Group.

AASB 13 Fair value measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

The adoption of AASB 13 has no effect on the financial position or performance of the Group.

Consequential amendments were also made to other standards via AASB 2011-8.

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

AASB 119 Employee Benefits

The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The adoption of AASB 119 has no effect on the financial position or performance of the Group.

Consequential amendments were also made to other standards via AASB 2011-10.



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

3. SEGMENT INFORMATION

Segment Performance

	Steel Making \$'000	Steel Products \$'000	Discontinued Operation \$'000	Others \$'000	Total \$'000
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
Other revenues	89	62	-	30	181
Total segment revenues	<u>136,568</u>	<u>2,447</u>	<u>-</u>	<u>30</u>	<u>139,045</u>
Inter-segment elimination					<u>(614)</u>
Total revenue per statement of comprehensive income					<u><u>138,431</u></u>
Results					
Segment result before tax	62	49	(29)	(183)	(101)
Income tax expense	(174)	-	-	-	(174)
Net loss after tax	<u>(112)</u>	<u>49</u>	<u>(29)</u>	<u>(183)</u>	<u>(275)</u>
Half-year ended 30 June 2012					
Revenues					
External revenues	198,067	4,688	-	-	202,755
Inter-segment revenues	-	21	-	-	21
Interest income	877	26	-	1	904
Other revenues	282	22	-	119	423
Total segment revenues	<u>199,226</u>	<u>4,757</u>	<u>-</u>	<u>120</u>	<u>204,103</u>
Inter-segment elimination					<u>(21)</u>
Total revenue per statement of comprehensive income					<u><u>204,082</u></u>
Results					
Segment result before tax	1,430	179	(187)	(1,942)	(520)
Income tax expense	(273)	-	-	-	(273)
Net loss after tax	<u>1,157</u>	<u>179</u>	<u>(187)</u>	<u>(1,942)</u>	<u>(793)</u>



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

3. SEGMENT INFORMATION (continued)

	Steel Making \$'000	Steel Products \$'000	Discontinued Operation \$'000	Others \$'000	Total \$'000
Segment assets					
At 30 June 2013					
Segment assets	105,250	3,720	1,517	1,878	112,365
Inter-segment eliminations	-	-	-	-	(2,594)
Intangible assets	-	-	-	77	77
Total assets per statement of financial position					<u>109,848</u>
At 31 December 2012					
Segment assets	123,900	2,955	1,398	263	128,816
Inter-segment eliminations	-	-	-	-	(1,959)
Intangible assets	-	-	-	77	77
Total assets per statement of financial position					<u>126,634</u>
Segment liabilities					
At 30 June 2013					
Segment liabilities	61,863	1,707	194	1,605	65,369
Inter-segment eliminations	-	-	-	-	(832)
Total liabilities per statement of financial position					<u>64,537</u>
At 31 December 2012					
Segment liabilities	82,509	1,173	202	1,642	85,526
Inter-segment eliminations	-	-	-	-	(948)
Total liabilities per statement of financial position					<u>84,578</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	
	2013	2012
	\$'000	\$'000
(i) Other income		
Rent income	60	22
Foreign exchange gain	-	232
Other	121	169
	<u>181</u>	<u>423</u>
(ii) Expenses		
Depreciation and amortisation	(816)	(857)
Foreign exchange loss	(152)	-
(iii) Selling expenses		
Salaries and wages	(313)	(453)
Delivery expenses	(188)	(400)
Other	(795)	(1,151)
	<u>(1,296)</u>	<u>(2,004)</u>

**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

4. REVENUE AND EXPENSES (continued)

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
(iv) Administrative expenses		
Employee related expenses	(1,172)	(2,821)
Impairment of receivables	(431)	(2)
Travel expenses	(538)	(189)
Rent expenses	(191)	(176)
Other	(1,299)	(1,331)
	<u>(3,631)</u>	<u>(4,519)</u>

5. DIVIDENDS PAID AND PROPOSED

Provisions include dividends proposed as noted below:

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
Dividends proposed and recognised as liability		
Interim dividend fully unfranked for half –year 30 June 2013: Nil		
(30 June 2012: A\$0.063 per share)	-	8,963
	<u>-</u>	<u>8,963</u>

On 27 June 2012, the Board declared a one-off special dividend of 6.3 Australian cents per ordinary share (fully unfranked) payable on 18 September 2012. The entire dividend will be 100% conduit foreign income.

6. INCOME TAX EXPENSE

	CONSOLIDATED	
	2013	2012
	\$'000	\$'000
Income tax expense consists of:		
Current income tax	(174)	(273)
	<u>(174)</u>	<u>(273)</u>
Current income tax expense consists of:		
Vinausteel income tax expense	(174)	(181)
SSESTEEL income tax expense	-	(92)
	<u>(174)</u>	<u>(273)</u>

7. CONTRIBUTED EQUITY

	CONSOLIDATED	
	30 June 2013	31 December 2012
	\$'000	\$'000
Ordinary shares	27,819	27,819
	<u>27,819</u>	<u>27,819</u>
	Number	Number
Number of shares	142,277,423	142,277,423
	<u>142,277,423</u>	<u>142,277,423</u>

**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

8. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2013	2012
	\$'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	3,810	5,484
Short-term deposits	24,938	12,148
	28,748	17,632
Cash at bank attributable to discontinued operation	40	70
	28,788	17,702

9. DISCONTINUED OPERATION

Despite management's efforts to cut costs and improve revenues, VRC Weldmesh (Vietnam) Limited ("VRC") has not been successful in turning its business around and continued to incur losses. In 2012, the Board of Directors decided to discontinue its operation and dispose VRC. VRC is wholly owned subsidiary of Vietnam Projects (Singapore) Pte Ltd which Vietnam Industrial Investments Limited owns 100%. VRC has been classified as a disposal group held for sale and as a discontinued operation. VRC was part of the Steel Products division. The result of VRC for the period is as follows:

	30 June 2013	30 June 2012
	\$'000	\$'000
Revenue	77	74
Expense	(106)	(217)
Finance cost	-	(44)
Loss for the period from discontinued operation	(29)	(187)

The assets and liabilities of VRC classified as held for sale at 30 June 2013 are as follows:

	30 June 2013	31 December 2012
	\$'000	\$'000
ASSETS		
Plant, property and equipment	1,127	1,028
Intangible assets	236	216
Cash (note 8)	40	32
Receivables	71	82
Others	43	40
	1,517	1,398
LIABILITIES		
Other payables	194	202
	194	202
Foreign currency translation reserves of a disposal group classified held for sale		
	94	248
	94	248

**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2013**

9. DISCONTINUED OPERATION (continued)

	30 June 2013	30 June 2012
	Cents	Cents
Loss per share:		
Basic and diluted loss for the period from discontinued operation	-	(0.13)

The net cash flows incurred by VRC are as follows:

	30 June 2013	30 June 2012
	\$'000	\$'000
Operating	(36)	(194)
Investing	5	-
Financing	-	32
Net cash flow outflow	(31)	(162)

10. 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.

11. COMMITMENTS AND CONTINGENCIES

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

12. 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 2013 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

Hai Phong, 29 August 2013

To the members of Vietnam Industrial Investments Limited

Report on the Half Year Financial Report

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 2013, 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 2013 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 2013 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



P McIver

P McIver
Partner
Perth
29 August 2013