



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

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

27 February 2014

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

Dear Sirs

APPENDIX 4E

Please find attached Appendix 4E for the year ended 31 December 2013.

Yours faithfully
VIETNAM INDUSTRIAL INVESTMENTS LIMITED


ALAN A. YOUNG
Managing Director
(Chief Operating Officer)

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

(Corresponding year: 31 December 2012)

Results for announcement to the market

	2013	2012	Movement	
	\$'000	\$'000	Amount \$'000	%
Revenues from ordinary activities	263,003	388,073	(125,070)	(32%)
Loss from ordinary activities after tax attributable to members	(9,156)	(2,715)	(6,441)	(237%)
Net Loss for the period attributable to members	(9,156)	(2,715)	(6,441)	(237%)

Dividend Distribution

The Directors have determined that there will be no final dividends declared/paid for the full financial year ended 31 December 2013 (2012: Nil). On 27 June 2012, the Board declared a one-off special dividend of 6.3 Australian cents per ordinary share (fully unfranked) paid on 18 September 2012. The entire dividend contained 100% conduit foreign income.

	2013 \$'000	2012 \$'000
Declared and paid during the year		
Interim unfranked dividend for 2012: 6.3 cents per share (2011: NIL)	-	8,963

Attached are the following:

- Commentaries for the net results for the year attributable to members
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Segment information
- Retained earnings reconciliation
- Earnings per share calculation
- Discontinued operation
- Property, plant and equipment
- Interest-bearing loans and borrowings

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset per ordinary security	24.15 cents per share	26.84 cents per share

COMPLIANCE STATEMENT

There had been no entities which control had been gained/lost during the year.

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

The Financial Report for the year ended 31 December 2013 is in the process of being audited.


ALAN A. YOUNG
Managing Director
(Chief Operating Officer)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors submit the Appendix 4E of Vietnam Industrial Investments Limited (“Company”, “consolidated entity” or “Group”) for the year ended 31 December 2013.

On 29 November 2013, Vietnam Industrial Investments Limited (VII) announced the proposed internal restructure of its group of companies by scheme of arrangement (Scheme) in accordance with the terms of the Scheme Implementation Agreement entered into on the same date with VII's wholly owned Singapore subsidiary, Structure Steel Engineering Pte Ltd (SSE).

To effect the Scheme, VII shareholders would be offered SSE shares in direct proportion to their respective shareholdings in VII. Consequently, VII shareholders will have the same percentage shareholdings in the same assets held prior to the Scheme, although shareholders will hold shares in SSE, an unlisted Singaporean company, rather than in VII, an Australian ASX listed company. Upon implementation of the Scheme, SSE will become the parent company of the VII group of companies.

If the Scheme was implemented, Scheme Shareholders (other than Ineligible Foreign Shareholders) would receive 1 SSE Share for every 6.8 VII Shares held on the Record Date, where fractional entitlements would be rounded up or down to the nearest whole number, with fractions of 0.5 being rounded up.

VII announced 19 December 2013 that the Federal Court of Australia approved the convening of a meeting of VII, to be held on 4 February 2014 (“the Scheme Meeting”), to consider the proposed scheme of arrangement.

The Scheme Meeting held on 4 February 2014 was adjourned (Refer to Subsequent Events After Balance Date on page 4).

OPERATIONAL AND FINANCIAL REVIEW

This operational and financial review reports on the period under review for the Company and its businesses in Vietnam, Steel Making Division: Vinausteel Limited (“Vinausteel”), and SSESTEEL Ltd (“SSESTEEL”), and Steel Products Division: Austnam Joint Stock Corporation (“Austnam”), and Total Building Systems Limited (“TBS”); and VRC Weldmesh (Vietnam) Ltd (“VRC”) (treated as held for sale).

Net Loss for the year

The total unaudited comprehensive loss for the year was \$2.909 million which was 8.7% lower than previous year's total comprehensive loss of \$3.185 million. The total unaudited comprehensive loss for the year consisted of: 1) unaudited net loss for the year of \$8.719 million (2012: net loss of \$2.535 million), and 2) Foreign currency translation of a gain of \$5.810 million (2012: loss of \$0.650 million).

For the year ended 31 December 2013, the unaudited Group net loss after tax attributable to members was \$9.156 million on revenues of \$262.529 million (2012: net loss after tax attributable to members \$2.715 million on revenues of \$385.253 million) which included a non-cash impairment loss of assets of \$5.821 million (2012: \$0.265 million). Refer to Note 7.

The Steel Making Division reported a net loss after tax attributable to members of \$7.090 million (VND135.612 billion) on revenues of \$255.761 million (VND5.168 trillion) (2012: net profit after tax attributable to members of \$0.150 million (VND3.259 billion) on revenues of \$376.570 million (VND8.170 trillion)). Aside from lower sales volumes, lower gross profit margin and increase in operating expenses, the increase in net loss of the Steel Making Division is due to recognition of a non-cash impairment loss of assets of \$5.821 million.

The Group's Steel Products Division reported a small net profit after tax attributable to members of \$65,000 (2012: net loss after tax attributable to members of \$0.272 million).

Foreign currency translation

For the year ended 31 December 2013, the foreign currency translation was a gain of \$5.810 million (2012: loss of \$0.650 million). In 2013, the Vietnam Dong appreciated against the Australian dollars. The average VND/AUD exchange rate in 2013 was VND20,207, a decrease of approximately 7% from the average VND/AUD exchange rate of VND21,695 in 2012. The VND/AUD spot rate at 31 December 2013 was VND18,894, an increase of approximately 12% from 31 December 2012 VND/AUD spot rate of VND21,640. The Australian dollar depreciated against the US dollar in 2013. The Australian dollar spot rate at 31 December 2013 of US\$0.8948/A\$1 was weaker than 31 December 2012 spot rate of US\$1.0384/A\$1.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

CASH FLOWS

At 31 December 2013, cash and cash equivalents is \$51.149 million. There was net increase in cash and cash equivalents during the year of \$14.037 million due to the following:

	\$'000
Decrease in net cash flows from operating activities (a)	(11,141)
Decrease in net cash flows from investing activities (b)	(1,205)
Increase in net cash flows from financing activities (c)	21,234
Decrease in cash at bank attributable to discontinued operation	(652)
Net foreign exchange differences	5,801
	<hr/>
Net Increase	<u>14,037</u>

Notes:

- (a) Net cash outflows from operating activities were due to the payment to suppliers and employees of \$267.448 million due largely to raw material costs and other operating costs and receipts from customers of \$259.696 million.
- (b) Net cash outflows from investing activities were due to acquisition of plant, property and equipment.
- (c) Net cash inflows from financing activities were due mainly to net proceeds from bank borrowings of \$22.289 million and dividend payment to non-controlling interests of \$1.178 million.

SUBSEQUENT EVENTS AFTER BALANCE DATE

On 4 February 2014, VII announced that the Scheme Meeting to consider the proposed scheme of arrangement (“the Scheme”), had been adjourned. Some of the Company’s major shareholders were not prepared to approve the Scheme in the form submitted but may be prepared to consider variations to the Scheme. The adjournment, which was approved by the Court, is to allow the Company and its major shareholders time to negotiate variations to the structure of the Scheme, acceptable to all shareholders, which will be sent to ASIC for review before being submitted to the Court for approval and sent to VII shareholders.

At this date of the Appendix 4E, there has been no other matter or circumstance that has arisen since the end of the 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.

LIKELY DEVELOPMENTS

The consolidated entity expects to continue to focus on the commercial production of rebar and wire rod from VII’s rolling mills at Vinausteel and SSESTEEL, roofing and wall cladding at Austnam’s factory in Hanoi, and the provision of engineering and project management services by TBS.

The consolidated entity continues to assess the feasibility of establishing a billet plant in Vietnam.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Notes	2013 \$'000	2012 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	51,149	37,112
Trade and other receivables		12,207	19,999
Advances to suppliers		29,675	13,834
Inventories		42,428	42,634
Financial assets – at fair value through profit or loss		9	9
Other current assets		305	249
		<u>135,773</u>	<u>113,837</u>
Assets classified as held for sale	6	1,649	1,398
Total Current Assets		<u>137,422</u>	<u>115,235</u>
Non-current Assets			
Receivables		5	4
Property, plant and equipment	7	6,504	11,271
Deferred tax assets		44	45
Intangible assets and goodwill		78	79
Total Non-current Assets		<u>6,631</u>	<u>11,399</u>
TOTAL ASSETS		<u>144,053</u>	<u>126,634</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		9,515	22,791
Advances from customers		1,504	295
Income tax provision		675	516
Interest-bearing loans and borrowings	8	92,742	60,152
Provisions		655	622
		<u>105,091</u>	<u>84,376</u>
Liabilities directly associated with assets classified as held for sale	6	871	202
Total Current Liabilities		<u>105,962</u>	<u>84,578</u>
Non-Current Liabilities			
Interest-bearing loans and borrowings	8	122	-
Total Non-Current Liabilities		<u>122</u>	<u>-</u>
TOTAL LIABILITIES		<u>106,084</u>	<u>84,578</u>
NET ASSETS		<u>37,969</u>	<u>42,056</u>
EQUITY			
Equity attributable to equity holders of parent			
Contributed equity		27,819	27,819
Reserves		(9,922)	(15,512)
Foreign currency translation reserves of a disposal group classified held for sale		(14)	248
Retained earnings	2	16,597	25,753
Parent interests		<u>34,480</u>	<u>38,308</u>
Non-controlling interests		<u>3,489</u>	<u>3,748</u>
TOTAL EQUITY		<u>37,969</u>	<u>42,056</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 \$'000	2012 \$'000
Continuing operations			
Sale of goods		258,409	379,417
Contract revenue		2,206	4,265
Other revenue		1,914	1,571
		<hr/>	<hr/>
Revenue		262,529	385,253
Cost of sales		(248,755)	(374,345)
		<hr/>	<hr/>
Gross profit		13,774	10,908
		<hr/>	<hr/>
Other income		474	2,820
Marketing expenses		(2,616)	(1,224)
Administrative expenses		(8,551)	(7,910)
Impairment of assets		(5,821)	(265)
Finance costs		(4,769)	(4,881)
		<hr/>	<hr/>
Loss before income tax		(7,509)	(552)
		<hr/>	<hr/>
Income tax expense		(620)	(1,790)
		<hr/>	<hr/>
Net loss after tax from continuing operations		(8,129)	(2,342)
		<hr/>	<hr/>
Discontinued operations			
Net loss after tax from discontinued operations	6	(590)	(193)
		<hr/>	<hr/>
Net loss for the year		(8,719)	(2,535)
		<hr/>	<hr/>
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences – attributable to parent		5,328	(573)
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences – attributable to non-controlling interests		482	(77)
		<hr/>	<hr/>
Other comprehensive income/(loss) for the year		5,810	(650)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,909)	(3,185)
		<hr/>	<hr/>
(Loss)/profit attributable to:			
Owners of parent		(9,156)	(2,715)
Non-controlling interests		437	180
		<hr/>	<hr/>
		(8,719)	(2,535)
		<hr/>	<hr/>
Total comprehensive (loss)/income attributable to:			
Owners of parent		(3,828)	(3,288)
Non-controlling interests		919	103
		<hr/>	<hr/>
		(2,909)	(3,185)
		<hr/>	<hr/>
		Cents	Cents
Loss per share (cents per share) for continuing operations attributable to the ordinary equity holders of the company:			
- Basic and diluted loss per share		(6.02)	(1.77)
		<hr/>	<hr/>
Loss per share (cents per share) attributable to the ordinary equity holders of the Company:			
- Basic and diluted loss per share	3	(6.44)	(1.91)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

	<i>Attributable to equity holders of the parent</i>						<i>Non-controlling interests</i>	<i>Total equity</i>
	<i>Contributed equity</i>	<i>Foreign currency translation reserves</i>	<i>Retained earnings</i>	<i>Discontinued Operation</i>	<i>Legal reserves</i>	<i>Owners of the parent</i>		
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
At 1 January 2013	27,819	(16,636)	25,753	248	1,124	38,308	3,748	42,056
Net (loss)/profit for the year	-	-	(9,156)	-	-	(9,156)	437	(8,719)
Other comprehensive loss	-	5,328	-	-	-	5,328	482	5,810
Total comprehensive income/(loss) for the year	-	5,328	(9,156)	-	-	(3,828)	919	(2,909)
Dividends paid by subsidiaries	-	-	-	-	-	-	(1,178)	(1,178)
Discontinued operation	-	262	-	(262)	-	-	-	-
At 31 December 2013	27,819	(11,046)	16,597	(14)	1,124	34,480	3,489	37,969
At 1 January 2012	27,819	(15,815)	37,431	-	1,124	50,559	4,456	55,015
Net (loss)/profit for the year	-	-	(2,715)	-	-	(2,715)	180	(2,535)
Other comprehensive loss	-	(573)	-	-	-	(573)	(77)	(650)
Total comprehensive (loss)/ income for the year	-	(573)	(2,715)	-	-	(3,288)	103	(3,185)
Dividends to shareholders	-	-	(8,963)	-	-	(8,963)	-	(8,963)
Dividends paid by subsidiaries	-	-	-	-	-	-	(811)	(811)
Discontinued operation	-	(248)	-	248	-	-	-	-
At 31 December 2012	27,819	(16,636)	25,753	248	1,124	38,308	3,748	42,056

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of VAT)		259,696	396,051
Payments to suppliers and employees (inclusive of VAT)		(267,448)	(367,276)
Interest received		1,914	1,571
Interest paid		(4,769)	(4,881)
Income taxes paid		(534)	(1,568)
Net cash flows (used in)/ provided by operating activities		<u>(11,141)</u>	<u>23,897</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,210)	(930)
Proceeds from sale of property, plant and equipment		5	-
Purchase of software		-	(2)
Net cash flows used in investing activities		<u>(1,205)</u>	<u>(932)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		278,741	229,230
Repayment of bank borrowings		(256,452)	(230,194)
Proceeds from other creditors		698	-
Repayment to other creditors		(575)	-
Dividends paid to shareholders		-	(8,961)
Dividends paid to non-controlling interest		(1,178)	(811)
Net cash flows provided by/(used in) financing activities		<u>21,234</u>	<u>(10,736)</u>
Net increase in cash and cash equivalents		8,888	12,229
Net foreign exchange differences		5,801	(331)
Cash and cash equivalents at beginning of year		37,144	25,246
Cash and cash equivalents at end of year	5	<u><u>51,833</u></u>	<u><u>37,144</u></u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

1. SEGMENT INFORMATION

Segment Performance

	Steel Making	Steel Products	Others	Total	Adjustments and eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2013						
Revenues						
External revenues	255,761	4,854	-	260,615	-	260,615
Inter-segment revenues	25	850	-	875	(875)	-
Interest income	1,868	46	-	1,914	-	1,914
Other revenues	284	130	60	474	-	474
Total segment revenues	257,938	5,880	60	263,878	(875)	263,003
Results						
Segment results before income tax	(6,093)	125	-	(5,968)	-	(5,968)
Income tax expense	(589)	(31)	-	(620)	-	(620)
Segment results after tax	(6,682)	94	-	(6,588)	-	(6,588)
Corporate charges	-	-	(1,541)	(1,541)	-	(1,541)
Net loss after tax				(8,129)	-	(8,129)
	Steel Making	Steel Products	Others	Total	Adjustments and eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 31 December 2012						
Revenues						
External revenues	376,570	7,111	-	383,681	-	383,681
Inter-segment revenues	-	26	-	26	(26)	-
Interest income	1,499	49	-	1,548	-	1,548
Other revenues	2,800	88	(44)	2,844	-	2,844
Total segment revenues	380,869	7,274	(44)	388,099	(26)	388,073
Results						
Segment results before income tax	2,148	(300)	-	1,848	-	1,848
Income tax benefit/(expense)	(1,809)	19	-	(1,790)	-	(1,790)
Segment results after tax	339	(281)	-	58	-	58
Corporate charges	-	-	(2,400)	(2,400)	-	(2,400)
Net loss after tax				(2,342)	-	(2,342)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

1. SEGMENT INFORMATION (continued)

	Steel Making \$'000	Steel Products \$'000	Others \$'000	Total \$'000
Segment assets				
At 31 December 2013				
Segment operating assets	137,958	4,659	1,816	144,433
Assets classified as held for sale	-	-	-	1,649
Inter-segment eliminations	-	-	-	(2,106)
Intangibles	-	-	77	77
Total assets per statement of financial position				<u>144,053</u>
At 31 December 2012				
Segment operating assets	123,900	2,955	263	127,118
Assets classified as held for sale	-	-	-	1,398
Inter-segment eliminations	-	-	-	(1,959)
Intangibles	-	-	77	77
Total assets per statement of financial position				<u>126,634</u>
Segment liabilities				
At 31 December 2013				
Segment operating liabilities	101,527	2,518	1,364	105,409
Liabilities directly associated with assets classified as held for sale	-	-	-	871
Inter-segment eliminations	-	-	-	(196)
Total liabilities per statement of financial position				<u>106,084</u>
At 31 December 2012				
Segment operating liabilities	82,509	1,173	1,642	85,324
Liabilities directly associated with assets classified as held for sale	-	-	-	202
Inter-segment eliminations	-	-	-	(948)
Total liabilities per statement of financial position				<u>84,578</u>

2. RETAINED EARNINGS

	2013 \$'000	2012 \$'000
Retained earnings	<u>16,597</u>	<u>25,753</u>
Movement in retained earnings		
Opening balance	25,753	37,431
Net loss for the year	(9,156)	(2,715)
Dividends to shareholders	-	(8,963)
Closing balance	<u>16,597</u>	<u>25,753</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

3. EARNINGS PER SHARE

	2013 \$'000	2012 \$'000
Net loss attributable to ordinary equity holders of the Parent from continuing operations	(8,566)	(2,522)
Loss attributable to ordinary equity holders of the Parent from discontinued operation	(590)	(193)
Net (loss)/profit attributable to ordinary equity holders of the Parent for basic and diluted (loss)/earnings	<u>(9,156)</u>	<u>(2,715)</u>
	2013 No. of Shares	2012 No. of Shares
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>142,277,423</u>	<u>142,277,423</u>

	Cents	Cents
Loss per share (cents per share) for continuing operations attributable to the ordinary equity holders of the company:		
- Basic and diluted loss per share	(6.02)	(1.77)
Loss per share for profit attributable to the ordinary equity holders of the Company:		
- Basic and diluted loss per share	(6.44)	(1.91)

There have been no other transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of this Appendix 4E.

4. DIVIDENDS PAID AND PROPOSED

There were no dividends declared at the end of the year (2012: Nil). On 27 June 2012, the Board declared a one-off special dividend of 6.3 Australian cents per ordinary share (fully unfranked) paid on 18 September 2012. The entire dividend contained 100% conduit foreign income.

	2013 \$'000	2012 \$'000
Declared and paid during the year		
Interim unfranked dividend for 2013: NIL (2012: 6.3 cents per share)	<u>-</u>	<u>8,963</u>

5. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the following:

	2013 \$'000	2012 \$'000
Cash at bank and in hand	6,642	6,558
Short-term deposits	44,507	30,554
	<u>51,149</u>	<u>37,112</u>
Cash at bank attributable to discontinued operation	684	32
	<u>51,833</u>	<u>37,144</u>

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

6. DISCONTINUED OPERATION

VRC entered into a contract to sell the building and factory (including its land use rights). The completion of the sale will be at the end of March 2014. Despite management's efforts to cut costs and increase sales volumes, we have not been successful in turning the VRC business around and it has continued to incur losses. Therefore, the Board of Directors have decided to discontinue its operations dispose of VRC. VRC has been classified as a disposal group held for sale and as a discontinued operation. The result of VRC for the year ended 31 December 2013 is as follows:

	2013	2012
	\$'000	\$'000
Revenue	249	269
Expense	(324)	(388)
Impairment of assets	(515)	-
Finance cost	-	(74)
Loss for the year from discontinued operation	<u>(590)</u>	<u>(193)</u>

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

	2013	2012
	\$'000	\$'000
ASSETS		
Property, plant and equipment	622	1,028
Intangible assets	246	216
Cash (Note 5)	684	32
Receivables	57	82
Others	40	40
Assets classified as held for sale	<u>1,649</u>	<u>1,398</u>
LIABILITIES		
Other payables	871	202
Liabilities directly associated with assets classified as held for sale	<u>871</u>	<u>202</u>
Foreign currency translation reserves of a disposal group classified held for sale	<u>(14)</u>	<u>248</u>

The net cash flows incurred by VRC are as follows:

	2013	2012
	\$'000	\$'000
Operating	563	(192)
Investing	5	(11)
Financing	-	(505)
Net cash outflow	<u>568</u>	<u>(708)</u>
	Cents	Cents
Loss per share:		
Basic and diluted loss for the year from discontinued operation	(0.41)	(0.14)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

7. PROPERTY, PLANT AND EQUIPMENT

In 2013, the Group recognised a non-cash impairment loss of \$5.821 million which represented the write-down of certain property, plant and equipment in SSESTEEL Ltd to the recoverable amount as a result of economic conditions for the construction industry in Vietnam. This was recognised separately in the statement of comprehensive income. The recoverable amount of \$12.397 million as at 31 December 2013 was based on the value in use and was determined at the level of the cash generating unit (“CGU”). The CGU consisted of the Vietnam subsidiaries’ assets. In determining the value in use for the CGU, SSESTEEL Ltd’s cash flows were discounted using the weighted average cost of capital of 13%.

8. INTEREST-BEARING LOANS AND BORROWINGS

	2013 \$’000	2012 \$’000
Current		
Bank loans – secured	92,733	60,152
Other creditor	9	-
	<u>92,742</u>	<u>60,152</u>
Non-Current		
Other creditor	122	-
	<u>122</u>	<u>-</u>

Terms and conditions of Interest bearing loans and borrowings

Outstanding bank loans of \$92.733 million (2012: \$60.152 million) relate to loans from various banks in Vietnam which are valued 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 (\$17.881 million) (2012: US\$16.000 million (\$15.408 million)). At 31 December 2013 the total interest bearing liabilities drawdown to which these corporate guarantees relate to were US\$13.810 million (\$15.434 million) (2012: US\$6.497 million (\$6.257 million)).

9. SUBSEQUENT EVENT AFTER BALANCE DATE

On 4 February 2014, VII announced that the Scheme Meeting to consider the proposed scheme of arrangement (“the Scheme”), had been adjourned. Some of the Company’s major shareholders were not prepared to approve the Scheme in the form submitted but may be prepared to consider variations to the Scheme. The adjournment, which was approved by the Court, is to allow the Company and its major shareholders time to negotiate variations to the structure of the Scheme, acceptable to all shareholders, which will be sent to ASIC for review before being submitted to the Court for approval and sent to VII shareholders.

At this date of the Appendix 4E, there has been no other matter or circumstance that has arisen since the end of the 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.