



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

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

27 February 2015

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

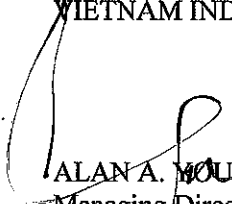
Dear Sirs

APPENDIX 4E

Please find attached Appendix 4E for the year ended 31 December 2014.

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 2014

(Corresponding year: 31 December 2013)

Results for announcement to the market

| | 2014 | 2013 | Movement | |
|---|---------|---------|------------------|-------|
| | \$'000 | \$'000 | Amount \$'000 | % |
| Revenues from ordinary activities | 301,093 | 263,003 | 38,090 | 14% |
| Loss from ordinary activities after tax attributable to members | (180) | (9,156) | 8,976 | (98%) |
| Net Loss for the period attributable to members | (180) | (9,156) | 8,976 | (98%) |

Dividend Distribution

The Directors did not declare/pay dividends for the full financial year ended 31 December 2014 (2013: Nil).

Attached are the following:

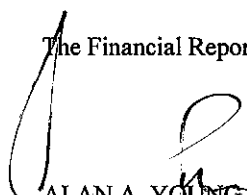
- Commentaries for the net results for the year attributable to members
- Statement of Financial Position
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Cash Flows
- Segment information
- Retained earnings reconciliation
- Earnings per share calculation
- Cash and cash equivalents
- Discontinued operation
- Revenues and expenses
- Trade and other receivables
- Advances to suppliers
- Inventories
- Property, plant and equipment
- Trade and other payables
- Interest-bearing loans and borrowings

| NTA Backing | Current Period | Previous Corresponding Period |
|--|-----------------------|-------------------------------|
| Net tangible asset per ordinary security | 25.84 cents per share | 24.15 cents per share |

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 2014 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 2014

The directors submit the Appendix 4E of Vietnam Industrial Investments Limited (“VII”, “Company”, “consolidated entity” or “Group”) for the year ended 31 December 2014.

SCHEME OF ARRANGEMENT

On 29 November 2013, the Company announced its intention to restructure its group of companies by way of a Scheme of Arrangement (Scheme), whereby Structure Steel Engineering Pte Ltd (“SSE”), a wholly owned unlisted subsidiary of the Company domiciled in Singapore, would become the holding company for the Group.

The meeting of shareholders held on 4 February 2014 (“Scheme Meeting”), to approve the Scheme, was adjourned to allow the VII Board to explore and discuss, with the Company’s major shareholders, amendments to the Scheme that were in the best interests of all VII shareholders.

The VII Board was unable to agree amendments to the Scheme and, 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 and that the Scheme had been terminated.

As a result of the termination of the Scheme, VII shareholders retain their VII shares, VII continues to be the parent company of the VII Group domiciled in Australia and listed on the ASX.

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”), Total Building Systems Limited (“TBS”); and VRC Weldmesh (Vietnam) Ltd (“VRC”).

Net Loss for the year

The total unaudited comprehensive income for the year was \$3.085 million which was 206% higher than previous year’s total comprehensive loss of \$2.909 million. The total unaudited comprehensive income for the year consisted of: 1) unaudited net profit for the year of \$0.273 million (2013: net loss of \$8.719 million), and 2) Foreign currency translation of a gain of \$2.812 million (2013: gain of \$5.810 million).

For the year ended 31 December 2014, the unaudited Group net loss after tax attributable to members was \$0.180 million on revenues of \$299.392 million (2013: net loss after tax attributable to members \$9.156 million on revenues of \$262.529 million which included a non-cash impairment loss of assets of \$5.821 million).

The Steel Making Division reported a net profit after tax attributable to members of \$0.854 million (VND16.294 billion) on revenues of \$287.937 million (VND5.491 trillion) (2013: net loss after tax attributable to members of \$7.090 million (VND135.612 billion) on revenues of \$255.761 million (VND5.168 trillion)). During 2014, SSESTEEL reported a lower net loss after tax of \$0.104 million as compared to 2013 net loss after tax of \$8.040 million due to the 2013 recognition of a non-cash impairment loss of assets of \$5.821 million. As some assets of SSESTEEL were impaired in 2013, no depreciation expense was recognised in 2014 which improved its operating performance in 2014.

The corporate net loss after tax was \$1.327 million (2013: net loss after tax of \$1.541 million).

The Group’s Steel Products Division reported a net profit after tax attributable to members of \$39,000 (2013: \$65,000).

VRC was classified as a disposal group held for sale at 31 December 2013 and as a discontinued operation. For the year ended 31 December 2014, VRC reported a net profit after tax of \$0.254 million (2013: net loss after tax of \$0.590 million) which included a gain of \$0.459 million resulting from the sale of its property, plant and equipment and intangible asset for \$1.306 million. After the disposal of its property, plant and equipment and intangible asset, the assets and liabilities have been reclassified as part of the continuing operations as at balance date.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Foreign currency translation

For the year ended 31 December 2014, the foreign currency translation was a gain of \$2.812 million (2013: a gain of \$5.810 million). In 2014, the Vietnam Dong appreciated against the Australian dollars. The average VND/AUD exchange rate in 2014 was VND19,070, a decrease of approximately 6% from the average VND/AUD exchange rate of VND20,207 in 2013. The VND/AUD spot rate at 31 December 2014 was VND17,548, a decrease of approximately 7% from 31 December 2013 VND/AUD spot rate of VND18,894. The Australian dollar continued to depreciate against the US dollar in 2014. The Australian dollar spot rate at 31 December 2014 of US\$0.8202/A\$1 was weaker than 31 December 2013 spot rate of US\$0.8948/A\$1.

CASH FLOWS

At 31 December 2014, cash and cash equivalents is \$34.660 million. There was net decrease in cash and cash equivalents during the year of \$17.173 million due to the following:

| | \$'000 |
|--|------------------------|
| Increase in net cash flows from operating activities (a) | 21,112 |
| Decrease in net cash flows from investing activities (b) | (1,259) |
| Decrease in net cash flows from financing activities (c) | (39,228) |
| Net foreign exchange differences | <u>2,202</u> |
| Net Increase | <u>(17,173)</u> |

Notes:

- (a) Net cash inflows from operating activities were mainly due to the receipts from customers of \$306.975 million and payment to suppliers and employees of \$283.892 million due largely to raw material costs and other operating costs.
- (b) Net cash outflows from investing activities were due to acquisition of plant, property and equipment and disposal of some plant, property and equipment, and intangible asset in VRC of \$1.177 million.
- (c) Net cash inflows from financing activities were mainly due to net repayments of bank borrowings of \$38.570 million and dividend payment to non-controlling interests of \$0.528 million.

SUBSEQUENT EVENTS AFTER BALANCE DATE

At this date of the Appendix 4E, there has been no 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 with 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 scaled down operations of VRC will not be material.

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 34,660 | 51,149 |
| Trade and other receivables | 7 | 11,299 | 12,274 |
| Advances to suppliers | 8 | 25,190 | 29,608 |
| Inventories | 9 | 34,255 | 42,428 |
| Financial assets – at fair value through profit or loss | | 9 | 9 |
| Other current assets | | 250 | 305 |
| | | <u>105,663</u> | <u>135,773</u> |
| Assets classified as held for sale | 5 | - | 1,649 |
| Total Current Assets | | <u>105,663</u> | <u>137,422</u> |
| Non-current Assets | | | |
| Receivables | | 5 | 5 |
| Property, plant and equipment | 10 | 8,333 | 6,504 |
| Deferred tax assets | | 33 | 44 |
| Intangible assets and goodwill | | 78 | 78 |
| Total Non-current Assets | | <u>8,449</u> | <u>6,631</u> |
| TOTAL ASSETS | | <u>114,112</u> | <u>144,053</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 11 | 13,817 | 9,515 |
| Advances from customers | | 261 | 1,504 |
| Income tax provision | | 732 | 675 |
| Interest-bearing loans and borrowings | 12 | 57,929 | 92,742 |
| Provisions | | 847 | 655 |
| | | <u>73,586</u> | <u>105,091</u> |
| Liabilities directly associated with assets classified as held for sale | 5 | - | 871 |
| Total Current Liabilities | | <u>73,586</u> | <u>105,962</u> |
| Non-Current Liabilities | | | |
| Interest-bearing loans and borrowings | 12 | - | 122 |
| Total Non-Current Liabilities | | <u>-</u> | <u>122</u> |
| TOTAL LIABILITIES | | <u>73,586</u> | <u>106,084</u> |
| NET ASSETS | | <u>40,526</u> | <u>37,969</u> |
| EQUITY | | | |
| Equity attributable to equity holders of parent | | | |
| Contributed equity | | 27,819 | 27,819 |
| Reserves | | (7,361) | (9,922) |
| Foreign currency translation reserves of a disposal group classified held for sale | | - | (14) |
| Retained earnings | 2 | 16,417 | 16,597 |
| Parent interests | | <u>36,875</u> | <u>34,480</u> |
| Non-controlling interests | | <u>3,651</u> | <u>3,489</u> |
| TOTAL EQUITY | | <u>40,526</u> | <u>37,969</u> |

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

| | Notes | 2014 \$'000 | 2013 \$'000 |
|---|-------|----------------------|-----------------------|
| Continuing operations | | | |
| Sale of goods | | 291,188 | 258,409 |
| Contract revenue | | 5,818 | 2,206 |
| Other revenue | 6 | <u>2,386</u> | <u>1,914</u> |
| Revenue | | 299,392 | 262,529 |
| Cost of sales | 6 | <u>(285,401)</u> | <u>(248,755)</u> |
| Gross profit | | <u>13,991</u> | <u>13,774</u> |
| Other income | 6 | 1,701 | 474 |
| Marketing expenses | 6 | (3,231) | (2,616) |
| Administrative expenses | 6 | (7,909) | (8,551) |
| Impairment of assets | 6 | (158) | (5,821) |
| Finance costs | 6 | <u>(3,748)</u> | <u>(4,769)</u> |
| Profit/(loss) before income tax | | 646 | (7,509) |
| Income tax expense | | <u>(627)</u> | <u>(620)</u> |
| Net profit/(loss) after tax from continuing operations | | <u>19</u> | <u>(8,129)</u> |
| Discontinued operations | | | |
| Net profit/(loss) after tax from discontinued operations | 5 | <u>254</u> | <u>(590)</u> |
| Net profit/(loss) for the year | | <u>273</u> | <u>(8,719)</u> |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation differences – attributable to parent | | 2,575 | 5,328 |
| <i>Items that may not be reclassified subsequently to profit or loss</i> | | | |
| Foreign currency translation differences – attributable to non-controlling interests | | 237 | 482 |
| Other comprehensive income for the year | | <u>2,812</u> | <u>5,810</u> |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR | | <u>3,085</u> | <u>(2,909)</u> |
| Profit/(loss) attributable to: | | | |
| Owners of parent | | (180) | (9,156) |
| Non-controlling interests | | <u>453</u> | <u>437</u> |
| | | <u>273</u> | <u>(8,719)</u> |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of parent | | 2,395 | (3,828) |
| Non-controlling interests | | <u>690</u> | <u>919</u> |
| | | <u>3,085</u> | <u>(2,909)</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 | | (0.31) | (6.02) |
| Loss per share (cents per share) attributable to the ordinary equity holders of the Company: | | | |
| - Basic and diluted loss per share | 3 | (0.13) | (6.44) |

**APPENDIX 4E
PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

| | Atributable 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 | |
| At 1 January 2014 | 27,819 | (11,046) | 16,597 | (14) | 1,124 | 34,480 | 37,969 | |
| Net (loss)/profit for the year | - | - | (180) | - | - | (180) | 273 | |
| Other comprehensive income | - | 2,575 | - | - | - | 2,575 | 2,812 | |
| Total comprehensive income/(loss) for the year | - | 2,575 | (180) | - | - | 2,395 | 3,085 | |
| Dividends paid by subsidiaries | - | - | - | - | - | - | (528) | |
| Discontinued operation | - | (14) | - | 14 | - | - | - | |
| At 31 December 2014 | 27,819 | (8,485) | 16,417 | - | 1,124 | 36,875 | 40,526 | |
| At 1 January 2013 | 27,819 | (16,636) | 25,753 | 248 | 1,124 | 38,308 | 42,056 | |
| Net (loss)/profit for the year | - | - | (9,156) | - | - | (9,156) | (8,719) | |
| Other comprehensive loss | - | 5,328 | - | - | - | 5,328 | 5,810 | |
| Total comprehensive income/(loss) for the year | - | 5,328 | (9,156) | - | - | (3,828) | (2,909) | |
| Dividends paid by subsidiaries | - | - | - | - | - | - | (1,178) | |
| Discontinued operation | - | 262 | - | (262) | - | - | - | |
| At 31 December 2013 | 27,819 | (11,046) | 16,597 | (14) | 1,124 | 34,480 | 37,969 | |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

| | Notes | 2014 \$'000 | 2013 \$'000 |
|--|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of VAT) | | 306,975 | 259,696 |
| Payments to suppliers and employees (inclusive of VAT) | | (283,892) | (267,448) |
| Interest received | | 2,386 | 1,914 |
| Interest paid | | (3,748) | (4,769) |
| Income taxes paid | | (609) | (534) |
| Net cash flows provided by/(used in) operating activities | | <u>21,112</u> | <u>(11,141)</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (2,436) | (1,210) |
| Proceeds from sale of property, plant and equipment and intangible asset | | 1,177 | 5 |
| Net cash flows used in investing activities | | <u>(1,259)</u> | <u>(1,205)</u> |
| Cash flows from financing activities | | | |
| Proceeds from bank borrowings | | 274,560 | 278,741 |
| Repayment of bank borrowings | | (313,130) | (256,452) |
| Proceeds from other creditors | | 1,809 | 698 |
| Repayment to other creditors | | (1,939) | (575) |
| Dividends paid to non-controlling interest | | (528) | (1,178) |
| Net cash flows (used in)/ provided by financing activities | | <u>(39,228)</u> | <u>21,234</u> |
| Net (decrease)/increase in cash and cash equivalents | | (19,375) | 8,888 |
| Net foreign exchange differences | | 2,202 | 5,801 |
| Cash and cash equivalents at beginning of year | | 51,833 | 37,144 |
| Cash and cash equivalents at end of year | 4 | <u>34,660</u> | <u>51,833</u> |

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

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 2014 | | | | | | |
| Revenues | | | | | | |
| External revenues | 287,937 | 9,069 | - | 297,006 | - | 297,006 |
| Inter-segment revenues | 18 | - | - | 18 | (18) | - |
| Interest income | 2,296 | 89 | 1 | 2,386 | - | 2,386 |
| Other revenues | 1,383 | 258 | 60 | 1,701 | - | 1,701 |
| Total segment revenues | 291,634 | 9,416 | 61 | 301,111 | (18) | 301,093 |

Results

| | | | | | | |
|-----------------------------------|--------------|-----------|----------------|--------------|----------|--------------|
| Segment results before income tax | 1,809 | 164 | - | 1,973 | - | 1,973 |
| Income tax expense | (543) | (84) | - | (627) | - | (627) |
| Segment results after tax | 1,266 | 80 | - | 1,346 | - | 1,346 |
| Corporate charges | - | - | (1,327) | (1,327) | - | (1,327) |
| Net profit after tax | 1,266 | 80 | (1,327) | 19 | - | 19 |

| | 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 | (6,682) | 94 | (1,541) | (8,129) | - | (8,129) |

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

1. SEGMENT INFORMATION (continued)

| | Steel Making \$'000 | Steel Products \$'000 | Others \$'000 | Total \$'000 |
|---|---------------------------|-----------------------------|------------------|-----------------|
| Segment assets | | | | |
| At 31 December 2014 | | | | |
| Segment operating assets | 109,830 | 4,486 | 861 | 115,177 |
| Inter-segment eliminations | - | - | - | (1,065) |
| Total assets per statement of financial position | | | | <u>114,112</u> |
| At 31 December 2013 | | | | |
| Segment operating assets | 137,958 | 4,659 | 1,893 | 144,510 |
| Assets 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 31 December 2014 | | | | |
| Segment operating liabilities | 71,223 | 3,001 | 427 | 74,651 |
| Inter-segment eliminations | - | - | - | (1,065) |
| Total liabilities per statement of financial position | | | | <u>73,586</u> |
| 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> |

2. RETAINED EARNINGS

| | 2014 \$'000 | 2013 \$'000 |
|-------------------------------|----------------|----------------|
| Retained earnings | <u>16,417</u> | <u>16,597</u> |
| Movement in retained earnings | | |
| Opening balance | 16,597 | 25,753 |
| Net loss for the year | (180) | (9,156) |
| Closing balance | <u>16,417</u> | <u>16,597</u> |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

3. EARNINGS PER SHARE

| | 2014 \$'000 | 2013 \$'000 |
|--|-----------------------|-----------------------|
| Net loss attributable to ordinary equity holders of the Parent from continuing operations | (434) | (8,566) |
| Profit/(loss) attributable to ordinary equity holders of the Parent from discontinued operation | 254 | (590) |
| Net (loss)/profit attributable to ordinary equity holders of the Parent for basic and diluted loss | <u>(180)</u> | <u>(9,156)</u> |
| | 2014 No. of Shares | 2013 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 | (0.31) | (6.02) |
| Loss per share (cents per share) for profit attributable to the ordinary equity holders of the Company: | | |
| - Basic and diluted loss per share | (0.13) | (6.44) |

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.

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| 4. CASH AND CASH EQUIVALENTS | | |
| For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the following: | | |
| Cash at bank and in hand | 8,724 | 6,642 |
| Short-term deposits | 25,936 | 44,507 |
| | <u>34,660</u> | <u>51,149</u> |
| Cash at bank attributable to discontinued operation | - | 684 |
| | <u>34,660</u> | <u>51,833</u> |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

5. 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 the 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 year, VRC sold its property, plant and equipment and intangible asset for \$1.306 million and recognised a gain of \$0.459 million. After the disposal of its property, plant and equipment and intangible asset, the assets and liabilities have been reclassified as part of the continuing operations as at balance date.

The result of VRC for the year ended 31 December 2014 is as follows:

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| Revenue | 228 | 249 |
| Gain on sale of property, plant and equipment and intangible assets | 459 | - |
| Expense | (433) | (839) |
| Profit/(loss) for the period from discontinued operation | <u>254</u> | <u>(590)</u> |

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 | <u>1,649</u> |
| LIABILITIES | |
| Other payables | 871 |
| Liabilities directly associated with disposal group classified as held for sale | <u>871</u> |
| Foreign currency translation reserves of a disposal group classified held for sale | <u>(14)</u> |

The major assets disposed during the year are as follows:

| | 2014 \$'000 |
|---|----------------|
| Proceeds on sale of assets | <u>1,306</u> |
| Cost of disposal | |
| Property, plant and equipment | 607 |
| Intangible assets | 240 |
| | <u>847</u> |
| Gain on sale of property, plant and equipment and intangible assets | <u>459</u> |

| | 2014 Cents | 2013 Cents |
|--|---------------|---------------|
| Earnings/(loss) per share: | | |
| Basic and diluted earnings/(loss) per share from discontinued operations | 0.18 | (0.41) |

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

5. DISCONTINUED OPERATION

The net cash flows incurred by VRC are as follows:

| | 2014 \$'000 | 2013 \$'000 |
|-----------------|----------------|----------------|
| Operating | (891) | 563 |
| Investing | 1,177 | 5 |
| Financing | - | - |
| Net cash inflow | <u>286</u> | <u>568</u> |

6. REVENUES AND EXPENSES

Revenues and expenses from continuing operations

| | 2014 \$'000 | 2013 \$'000 |
|--|------------------|------------------|
| (a) Other revenue | | |
| Interest income-banks | 1,632 | 1,914 |
| Interest income - customers | 754 | - |
| | <u>2,386</u> | <u>1,914</u> |
| (b) Other income | | |
| Consultancy service income | 1,095 | - |
| Rent income | 162 | 128 |
| Financial and executive services income | 60 | 60 |
| Other | 384 | 286 |
| | <u>1,701</u> | <u>474</u> |
| (c) Cost of sales | | |
| Cost of goods sold | (280,114) | (246,122) |
| Construction costs | (5,287) | (2,633) |
| | <u>(285,401)</u> | <u>(248,755)</u> |
| (d) Finance costs | | |
| Bank loans and other borrowings | <u>(3,748)</u> | <u>(4,769)</u> |
| (e) Marketing expenses | | |
| Salaries and wages | (542) | (438) |
| Delivery expenses | (195) | (283) |
| Other | (2,494) | (1,895) |
| | <u>(3,231)</u> | <u>(2,616)</u> |
| (f) Administrative expenses | | |
| Employee related expenses | (2,743) | (2,539) |
| Consultancy service expenses | (1,083) | - |
| Professional fees | (448) | (1,490) |
| Rent expense | (422) | (372) |
| Other | (3,213) | (4,150) |
| | <u>(7,909)</u> | <u>(8,551)</u> |
| (g) Depreciation and amortisation | | |
| Depreciation expense | (1,066) | (1,744) |
| Amortisation of intangible assets | - | (1) |
| | <u>(1,066)</u> | <u>(1,745)</u> |
| (h) Impairment of assets | | |
| Property, plant and equipment | (9) | (5,070) |
| Construction in progress | (149) | (751) |
| | <u>(158)</u> | <u>(5,821)</u> |

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

7. TRADE AND OTHER RECEIVABLES

| | 2014 \$'000 | 2013 \$'000 |
|--|----------------|----------------|
| Trade receivables | 8,705 | 8,122 |
| Allowance for impairment loss | (1,945) | (1,567) |
| | <u>6,760</u> | <u>6,555</u> |
| Construction contract receivables | 97 | 1,512 |
| Allowance for impairment loss | - | (38) |
| | <u>97</u> | <u>1,474</u> |
| Other receivables | 4,602 | 4,568 |
| Allowance for impairment loss | (160) | (323) |
| | <u>4,442</u> | <u>4,245</u> |
| Carrying amount of trade and other receivables | <u>11,299</u> | <u>12,274</u> |

8. ADVANCES TO SUPPLIERS

| | 2014 \$'000 | 2013 \$'000 |
|-----------------|----------------|----------------|
| Other suppliers | 25,190 | 29,608 |
| | <u>25,190</u> | <u>29,608</u> |

9. INVENTORIES

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| Raw materials – at cost | 12,630 | 11,227 |
| Finished goods – at lower of cost and net realisable value | 21,625 | 31,201 |
| Total inventories at lower of cost and net realisable value | <u>34,255</u> | <u>42,428</u> |

10. PROPERTY, PLANT AND EQUIPMENT

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| Building on leasehold land | | |
| - Cost | 7,887 | 7,334 |
| - Accumulated depreciation | (4,981) | (4,095) |
| Net carrying amount | <u>2,906</u> | <u>3,239</u> |
| Plant and equipment | | |
| - Cost | 25,424 | 22,281 |
| - Accumulated depreciation and impairment | (22,079) | (21,105) |
| Net carrying amount | <u>3,345</u> | <u>1,176</u> |
| Motor vehicles | | |
| - Cost | 2,223 | 1,886 |
| - Accumulated depreciation | (1,597) | (1,297) |
| Net carrying amount | <u>626</u> | <u>589</u> |
| Construction in progress – cost | 1,456 | 1,500 |
| Net carrying amount | <u>8,333</u> | <u>6,504</u> |

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

11. TRADE AND OTHER PAYABLES

| | 2014 \$'000 | 2013 \$'000 |
|----------------------------|----------------|----------------|
| Trade payables | 7,629 | 3,590 |
| Other payables | 5,939 | 5,284 |
| Related party payables | | |
| - key management personnel | 249 | 641 |
| | <u>13,817</u> | <u>9,515</u> |

12. INTEREST-BEARING LOANS AND BORROWINGS

| | 2014 \$'000 | 2013 \$'000 |
|----------------------|----------------|----------------|
| Current | | |
| Bank loans – secured | 57,929 | 92,733 |
| Other creditor | - | 9 |
| | <u>57,929</u> | <u>92,742</u> |
| Non-Current | | |
| Other creditor | - | 122 |
| | <u>-</u> | <u>122</u> |

Terms and conditions of interest bearing loans and borrowings

Outstanding bank loans of \$57.929 million (2013: \$92.733 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 (\$19.507 million) (2013: US\$16.000 million (\$17.881 million)). At 31 December 2014 the total interest bearing liabilities drawdown to which these corporate guarantees relate to were US\$10.808 million (\$13.178 million) (2013: US\$13.810 million (\$15.434 million)).

13. 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.

14. SUBSEQUENT EVENT AFTER BALANCE DATE

At this date of the Appendix 4E, there has been no 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.