



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

**INTERIM FINANCIAL REPORT FOR THE NINE MONTHS**  
**ENDED 30 SEPTEMBER 2013**

# Corporate Information

A.B.N. 64 063 656 333

This interim 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

Unit 5A, 1 Station Street  
SUBIACO Western Australia 6008  
Telephone:     (618) 9388 0155  
Facsimile:     (618) 9388 9155  
E-mail:         [administrator@vii.net.au](mailto:administrator@vii.net.au)  
Website:       [www.vii.net.au](http://www.vii.net.au)

## 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

## Contents

Directors' Report.....	2
Statement of Comprehensive Income.....	4
Statement of Financial Position.....	6
Statement of Changes in Equity.....	7
Statement of Cash Flow.....	8
Notes to the Interim Financial Statements .....	9
Directors' Declaration .....	18
Independent Review Report to the members of Vietnam Industrial Investments Limited.....	19

## Directors' Report

Your directors submit their report for the nine months ended 30 September 2013.

### DIRECTORS

The names of the Company's directors in office during the nine months ended 30 September 2013 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 nine months ended 30 September 2013 was \$2.678 million compared to total comprehensive loss for the year ended 31 December 2012 of \$3.185 million. The total comprehensive income for the nine months ended 30 September 2013 consisted of: 1) Net loss for the nine months ended 30 September 2013 of \$1.411 million, and 2) Foreign currency translation of a gain of \$4.089 million.

#### *Net loss for the period*

For the nine months ended 30 September 2013, the net loss after tax was \$1.411 million on revenues of \$203.090 million (including other income of \$0.256 million and interest income of \$1.408 million).

The net loss after tax for the nine months ended 30 September 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 \$0.842 million which is a decrease from the net profit after tax for the year ended 31 December 2012 of \$0.339 million. Whilst, the Steel Product Division (Austnam and TBS) reported a net profit after tax of \$0.019 million for the nine months ended 30 September 2013. This was an increase from net loss after tax for the year ended 31 December 2012 of \$0.281 million. Corporate office net loss after tax for the nine months ended 30 September 2013 was \$0.545 million which is a decrease from net loss after tax for the year ended 31 December 2012 of \$2.400 million.

The results of the Vietnam operations are as follows:

#### **Steel Making Division**

##### ***SSESTEEL Ltd (VII 100%)***

For the nine months ended 30 September 2013, sales decreased to VND2.434 trillion (\$118.845 million) from the year ended 31 December 2012 of VND5.843 trillion (\$269.337 million). Finished goods sales volumes for the nine months ended 30 September 2013 were 133,781 tonnes which is a decrease from the year ended 31 December 2012 of 278,434 tonnes.

SSESTEEL recorded a net loss after tax for the nine months ended 30 September 2013 of VND37.505 billion (\$1.831 million) which was up from VND6.298 billion (\$0.290 million) net loss after tax for the year ended 31 December 2012.



**REVIEW AND RESULTS OF OPERATIONS (continued)**

***Vinausteel Ltd (VII 70%)***

For the nine months ended 30 September 2013, sales decreased to VND1.633 trillion (\$79.715 million) from the year ended 31 December 2012 of VND2.326 trillion (\$107.234 million). Sales volumes for the nine months ended 30 September 2013 were 115,241 tonnes, a decrease from the year ended 31 December 2012 of 166,114 tonnes. Vinausteel recorded a net profit after tax for the nine months ended 30 September 2013 of VND20.258 billion (\$0.989 million) which was up from VND13.653 billion (\$0.629 million) net profit after tax for the year ended 31 December 2012.

**Steel Products Division**

***Austnam Joint Stock Corporation (VII 67%)***

For the nine months ended 30 September 2013, sales decreased to VND36.036 billion (\$1.759 million) from the year ended 31 December 2012 of VND61.740 billion (\$2.846 million). Sales volumes for the nine months ended 30 September 2013 were 202,338 m<sup>2</sup>, a decrease from the year ended 31 December 2012 of 291,810 m<sup>2</sup>. Austnam reported a net profit after tax for the nine months ended 30 September 2013 of VND1.918 billion (\$0.093 million) which was up from VND0.357 billion (\$0.016 million) net loss after tax for the year ended 31 December 2012.

***Total Building Systems Ltd (VII 99%)***

For the nine months ended 30 September 2013, revenues decreased to VND22.683 billion (\$1.107 million) from the year ended 31 December 2012 of VND92.546 billion (\$4.266 million). TBS recorded a net loss after tax for the nine months ended 30 September 2013 of VND1.521 billion (\$0.074 million) which was down from VND5.727 billion (\$0.264 million) net loss after tax for the year ended 31 December 2012.

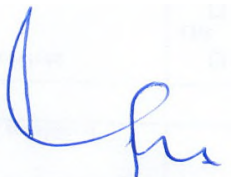
**EVENTS SUBSEQUENT TO BALANCE DATE**

There has not been any matter or circumstance that has arisen since the end of 30 September 2013 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.

Signed in accordance with a resolution of the directors.



ALAN A. YOUNG

**Director**

Hai Phong, 27 November 2013

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

	Notes	CONSOLIDATED	
		9 months to 30 September 2013 \$'000	12 months to 31 December 2012 \$'000
<b>CONTINUING OPERATIONS</b>			
Sale of goods		200,319	379,417
Contract revenue		1,107	4,265
Interest income		1,408	1,571
		<u>202,834</u>	<u>385,253</u>
Cost of sales		<u>(192,659)</u>	<u>(374,345)</u>
<b>Gross profit</b>		<u>10,175</u>	<u>10,908</u>
Other income	4	256	2,820
Selling expenses	4	(1,759)	(1,224)
Administrative expenses	4	(5,951)	(7,910)
Impairment of assets		-	(265)
Finance costs		(3,737)	(4,881)
		<u>(1,016)</u>	<u>(552)</u>
<b>Loss before income tax</b>		<u>(1,016)</u>	<u>(552)</u>
Income tax expense	6	<u>(352)</u>	<u>(1,790)</u>
<b>Loss for the period from continuing operations</b>		<u>(1,368)</u>	<u>(2,342)</u>
<b>DISCONTINUED OPERATIONS</b>			
Loss after tax from discontinued operations	9	<u>(43)</u>	<u>(193)</u>
<b>Net Loss for the period</b>		<u>(1,411)</u>	<u>(2,535)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences			
– attributable to parent	10	3,757	(573)
<i>Items that may not be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences			
– attributable to non-controlling interests		332	(77)
		<u>4,089</u>	<u>(650)</u>
<b>Other comprehensive income for the period</b>		<u>4,089</u>	<u>(650)</u>
<b>TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD</b>		<u>2,678</u>	<u>(3,185)</u>
Net (loss)/profit after tax attributable to:			
Equity holders of the parent		(1,738)	(2,715)
Non-controlling interests		327	180
		<u>(1,411)</u>	<u>(2,535)</u>
Total comprehensive income/(loss) net of tax attributable to:			
Equity holders of the parent		2,019	(3,288)
Non-controlling interests		659	103
		<u>2,678</u>	<u>(3,185)</u>



**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

	<b>CONSOLIDATED</b>	
	<b>9 months to 30 September 2013</b>	12 months to 31 December 2012
Loss per share (cents per share) for loss attributable to the ordinary equity holders of the company:		
- basic loss per share	(0.01)	(1.91)
- diluted loss per share	(0.01)	(1.91)
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)	(1.71)
- diluted loss per share	(0.01)	(1.71)

The accompanying notes form part of the financial report



AS AT 30 SEPTEMBER 2013

	Notes	CONSOLIDATED	
		As at 30 September 2013 \$'000	As at 31 December 2012 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	32,875	37,112
Trade and other receivables		8,660	19,999
Advances to suppliers		32,434	13,834
Inventories		31,724	42,634
Financial assets at fair value through profit or loss		9	9
Other current assets		804	249
		<u>106,506</u>	<u>113,837</u>
Disposal group classified as held for sale	9	1,504	1,398
<b>Total Current Assets</b>		<u>108,010</u>	<u>115,235</u>
<b>Non-current Assets</b>			
Receivables		5	4
Property, plant and equipment		12,324	11,271
Deferred tax assets		50	45
Intangible assets and goodwill		79	79
<b>Total Non-current Assets</b>		<u>12,458</u>	<u>11,399</u>
<b>TOTAL ASSETS</b>		<u>120,468</u>	<u>126,634</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		12,123	22,791
Advances from customers		1,162	295
Income tax provision		525	516
Interest-bearing loans and borrowings		61,654	60,152
Provisions		625	622
		<u>76,089</u>	<u>84,376</u>
Liabilities associated with disposal group classified as held for sale	9	195	202
<b>Total Current Liabilities</b>		<u>76,284</u>	<u>84,578</u>
<b>TOTAL LIABILITIES</b>		<u>76,284</u>	<u>84,578</u>
<b>NET ASSETS</b>		<u>44,184</u>	<u>42,056</u>
<b>EQUITY</b>			
Contributed equity	7	27,819	27,819
Reserves		(11,600)	(15,512)
Foreign currency translation reserves of disposal group classified as held for sale		93	248
Retained earnings		24,015	25,753
<b>Parent interests</b>		<u>40,327</u>	<u>38,308</u>
<b>Non-controlling interests</b>		<u>3,857</u>	<u>3,748</u>
<b>TOTAL EQUITY</b>		<u>44,184</u>	<u>42,056</u>

The accompanying notes form part of the financial report.





## FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

CONSOLIDATED	Attributable to equity holders of the parent					Total	Non-	Total equity
	Contributed equity	Foreign currency translation reserves	Retained Earnings	Discon- tinued Operation	Legal reserves		controlling	
							interests	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>At 1 January 2013</b>	27,819	(16,636)	25,753	248	1,124	38,308	3,748	42,056
Net loss for the nine months to 30 September 2013	-	-	(1,738)	-	-	(1,738)	327	(1,411)
Other comprehensive income	-	3,757	-	-	-	3,757	332	4,089
Total comprehensive income for the period	-	3,757	(1,738)	-	-	2,019	659	2,678
Discontinued operation	-	155	-	(155)	-	-	-	-
Dividends paid by subsidiaries	-	-	-	-	-	-	(550)	(550)
<b>At 30 September 2013</b>	<b>27,819</b>	<b>(12,724)</b>	<b>24,015</b>	<b>93</b>	<b>1,124</b>	<b>40,327</b>	<b>3,857</b>	<b>44,184</b>
<b>At 1 January 2012</b>	27,819	(15,815)	37,431	-	1,124	50,559	4,456	55,015
Net (loss)/profit for the period	-	-	(2,715)	-	-	(2,715)	180	(2,535)
Other comprehensive loss	-	(573)	-	-	-	(573)	(77)	(650)
<b>Total comprehensive loss for the year</b>	-	(573)	(2,715)	-	-	(3,288)	103	(3,185)
<b>Dividends paid to shareholders</b>	-	-	(8,963)	-	-	(8,963)	-	(8,963)
<b>Dividends paid by subsidiaries</b>	-	-	-	-	-	-	(811)	(811)
<b>Discontinued operation</b>	-	(248)	-	248	-	-	-	-
<b>At 31 December 2012</b>	<b>27,819</b>	<b>(16,636)</b>	<b>25,753</b>	<b>248</b>	<b>1,124</b>	<b>38,308</b>	<b>3,748</b>	<b>42,056</b>

The accompanying notes form part of the financial report.



FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

	Notes	CONSOLIDATED	
		9 months to 30 September 2013 \$'000	12 months to 31 December 2012 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		198,889	396,051
Payments to suppliers and employees		(197,494)	(367,276)
Interest income		1,408	1,571
Borrowing costs		(3,737)	(4,881)
Income tax paid		(396)	(1,568)
<b>Net cash flows (used in)/provided by operating activities</b>		<b>(1,330)</b>	<b>23,897</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,200)	(930)
Proceeds from sale of property, plant and equipment		5	-
Purchase of software		-	(2)
<b>Net cash flows used in investing activities</b>		<b>(1,195)</b>	<b>(932)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		183,022	229,230
Repayment of bank borrowings		(187,667)	(230,194)
Proceeds from other borrowings		297	-
Repayment of other borrowings		(51)	-
Dividends paid to shareholders		-	(8,961)
Dividends paid to non-controlling interests		(550)	(811)
<b>Net cash flows used in financing activities</b>		<b>(4,949)</b>	<b>(10,736)</b>
Net (decrease)/increase in cash and cash equivalents		(7,474)	12,229
Net foreign exchange difference		3,233	(331)
Cash and cash equivalents at beginning of period		37,144	25,246
<b>Cash and cash equivalents at end of period</b>	8	<b>32,903</b>	<b>37,144</b>

The accompanying notes form part of the financial report.



FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

**1. CORPORATE INFORMATION**

The interim condensed consolidated financial statements of the Company and its subsidiaries (the Group) for the nine months ended 30 September 2013 were authorised for issue in accordance with a resolution of the directors on 21 November 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.

**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**Basis of Preparation**

The interim consolidated financial statements for the nine months ended 30 September 2013 are general purpose condensed financial statements. Except for the comparative Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows which should be for the nine months ended 30 September 2012, the interim consolidated financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim 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 effective as of 1 January 2013, including:

*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.



FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 interim consolidated 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.

*AASB 119 Employee Benefits*

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.

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



**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

**3. SEGMENT INFORMATION**

**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by the Board based on the manner in which the product is sold and the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the Board on a regular basis.

The Group has two main reportable segments: Steel Making and Steel Products, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each Group reportable segment:

Steel Making: includes the manufacturing and selling of wire rod and rebar activities of Vinausteel Limited and SSESTEEL Ltd.

Steel Products: includes Austnam Joint Stock Corporation, and Total Building Systems Ltd, which are primarily engaged in the manufacturing and trading of steel roofing and steel frames, and engineering and project management services.

The reportable segments are based on aggregated operating segments determined by the similarity of the products produced and sold and/or the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

The Group's two reportable segments are located in Vietnam. The Group provides the majority of its products and services to customers based in Vietnam.

The Board of directors review the results of the reportable segments during their meetings.



FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

3. SEGMENT INFORMATION (continued)

Segment Performance

	Steel Making \$'000	Steel Products \$'000	Other/ unallocated \$'000	Total \$'000
<b>Nine months ended 30 September 2013</b>				
<b>Revenues</b>				
External revenues	198,560	2,866	-	201,426
Inter-segment revenues	4	894	-	898
Interest income	1,382	26	-	1,408
Other revenues	116	95	45	256
Total segment revenues	200,062	3,881	45	203,988
Inter-segment elimination				(898)
Total revenue per statement of comprehensive income				<u>203,090</u>
<b>Results</b>				
Segment result before tax	(512)	41	(545)	(1,016)
Income tax expense	(330)	(22)	-	(352)
Net loss after tax from continuing operations	(842)	19	(545)	<u>(1,368)</u>
<b>Year ended 31 December 2012</b>				
<b>Revenues</b>				
External revenues	376,570	7,111	-	383,681
Inter-segment revenues	-	26	-	26
Interest income	1,499	49	-	1,548
Other revenues	2,800	88	(44)	2,844
Total segment revenues	380,869	7,274	(44)	388,099
Inter-segment elimination				(26)
Total revenue per statement of comprehensive income				<u>388,073</u>
<b>Results</b>				
Segment result before tax	2,148	(300)	(2,400)	(552)
Income tax expense	(1,809)	19	-	(1,790)
Net loss after tax from continuing operations	339	(281)	(2,400)	<u>(2,342)</u>



FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

4. SEGMENT INFORMATION (continued)

	Steel Making \$'000	Steel Products \$'000	Other/ unallocated \$'000	Total \$'000
<b>Segment assets</b>				
<b>At 30 September 2013</b>				
Segment assets	118,229	4,277	956	123,462
Inter-segment eliminations	-	-	-	(4,575)
Intangible assets	-	-	77	77
Disposal group classified as held for sale				1,504
Total assets per statement of financial position				<u>120,468</u>
<b>At 31 December 2012</b>				
Segment assets	123,900	2,955	263	127,118
Inter-segment eliminations	-	-	-	(1,959)
Intangible assets	-	-	77	77
Disposal group classified as held for sale				1,398
Total assets per statement of financial position				<u>126,634</u>
<b>Segment liabilities</b>				
<b>At 30 September 2013</b>				
Segment liabilities	75,561	2,294	1,045	78,900
Inter-segment eliminations	-	-	-	(2,811)
Disposal group classified as held for sale				195
Total liabilities per statement of financial position				<u>76,284</u>
<b>At 31 December 2012</b>				
Segment liabilities	82,509	1,173	1,642	85,324
Inter-segment eliminations	-	-	-	(948)
Disposal group classified as held for sale				202
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:

	<b>CONSOLIDATION</b>	
	9 months to 30 September 2013 \$'000	12 months to 31 December 2012 \$'000
<b>(i) Other income</b>		
Financial services income	45	58
Foreign exchange gain	-	2,462
Interest income from customers	-	20
Rent income	94	77
Other	117	203
	<u>256</u>	<u>2,820</u>
<b>(ii) Expenses</b>		
Depreciation and amortisation	(1,264)	(1,677)
Foreign exchange loss	(103)	-
<b>(iii) Selling expenses</b>		
Salaries and wages	(299)	(531)
Delivery expenses	(234)	(761)
Other	(1,226)	68
	<u>(1,759)</u>	<u>(1,224)</u>

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

4. REVENUE AND EXPENSES (continued)

	CONSOLIDATED	
	9 months to 30 September 2013 \$'000	12 months to 31 December 2012 \$'000
(iv) <b>Administrative expenses</b>		
Employee related expenses	(1,805)	(6,510)
Impairment of receivables	(789)	222
Travel expenses	(761)	(351)
Rent expenses	(277)	(351)
Other	(2,319)	(920)
	(5,951)	(7,910)

5. DIVIDENDS PAID AND PROPOSED

Cash dividends to the equity holders of the parent:

	CONSOLIDATED	
	30 September 2013 \$'000	31 December 2012 \$'000
Dividends declared and paid		
Interim dividend fully unfranked for nine months ended 30 September 2013 (31 December 2012: A\$0.063 per share)	-	8,961

On 27 June 2012, the Board declared a one-off special dividend of 6.3 Australian cents per ordinary share (fully unfranked) and paid \$8.961 million on 18 September 2012. The entire dividend was 100% conduit foreign income. The remaining dividend payable is \$2,410 as at 30 September 2013.

6. INCOME TAX EXPENSE

	CONSOLIDATED	
	30 September 2013 \$'000	31 December 2012 \$'000
(a) <b>Income tax/(benefit) expense</b>		
The major components of income tax/(benefit) expense are:		
<b>Statement of Comprehensive Income</b>		
Current tax	352	223
Deferred tax	-	1,567
	352	1,790
(b) <b>Numerical reconciliation between the aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate</b>		
Loss from continuing operations before tax	(1,016)	(552)
At Group's statutory income tax rate of 30% (2012: 30%)	(305)	(165)
Adjustments to tax expense:		
Foreign tax rate adjustment	27	(477)
Deferred tax asset derecognition/(recognition)	-	1,567
Non-deductible expenses	115	323
Non-assessable income	-	(415)
Other	515	957
Aggregate tax expense	352	1,790



**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

**7. CONTRIBUTED EQUITY**

	<b>CONSOLIDATED</b>	
	<b>30 September 2013</b>	<b>31 December 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares	27,819	27,819
	<hr/>	<hr/>
	<b>Number</b>	<b>Number</b>
Ordinary shares	142,277,423	142,277,423
	<hr/> <hr/>	<hr/> <hr/>

**8. CASH AND CASH EQUIVALENTS**

	<b>CONSOLIDATED</b>	
	<b>30 September 2013</b>	<b>31 December 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
For the purpose of the statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	6,358	6,558
Short-term deposits	26,517	30,554
	<hr/>	<hr/>
	32,875	37,112
	<hr/>	<hr/>
Cash at bank attributable to discontinued operation	28	32
	<hr/>	<hr/>
	32,903	37,144
	<hr/> <hr/>	<hr/> <hr/>

**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:

	<b>9 months to</b>	<b>12 months to</b>
	<b>30 September 2013</b>	<b>31 December 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue	116	269
Expense	(159)	(388)
Finance cost	-	(74)
Loss for the period from discontinued operation	<hr/>	<hr/>
	(43)	(193)
	<hr/>	<hr/>

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

	<b>CONSOLIDATED</b>	
	<b>30 September 2013</b>	<b>31 December 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>		
Plant, property and equipment	1,127	1,028
Intangible assets	237	216
Cash (note 8)	28	32
Receivables	74	82
Others	38	40
	<hr/>	<hr/>
	1,504	1,398
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>		
Other payables	195	202
	<hr/>	<hr/>
	195	202
	<hr/> <hr/>	<hr/> <hr/>
<b>Foreign currency translation reserves of a disposal group classified held for sale</b>		
	93	248
	<hr/>	<hr/>
	93	248
	<hr/> <hr/>	<hr/> <hr/>

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

**9. DISCONTINUED OPERATION (continued)**

	9 months to 30 September 2013 Cents	12 months to 31 December 2012 Cents
<b>Loss per share:</b>		
Basic and diluted loss for the period from discontinued operation	-	(0.14)

The net cash flows incurred by VRC are as follows:

	9 months to 30 September 2013 \$'000	12 months to 31 December 2012 \$'000
Operating	(48)	(192)
Investing	5	(11)
Financing	-	(505)
Net cash flow outflow	(43)	(708)

**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 which are translated to Australian Dollars (presentation currency) at the prevailing rate at the reporting date, and the results of these subsidiaries 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. FINANCIAL INSTRUMENTS**

The Group's principal financial instruments comprise receivables, payables, advances, bank loans, and cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations in Vietnam.

The Group has not entered into hedging transactions.

The Group has exposure to the following risks arising from the Group's financial instruments: interest rate risk, foreign currency risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Primary responsibility for identification and control of financial risks rests with the Chief Accountants and Board of Management of the subsidiaries under the authority of the Board. The Managing Director and the Chief Financial Officer declare, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The Board is responsible for developing and monitoring risk management policies.

*Fair values*

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 30 September 2013:

	Carrying amount \$'000	Fair values \$'000
<b>Financial Assets</b>		
Trade and other receivables	8,660	8,660
Financial assets at fair value through profit or loss	9	9
Receivables	5	5
	8,674	8,674
<b>Financial Liabilities</b>		
Interest-bearing liabilities and other borrowings	61,654	65,518
	61,654	65,518

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013**

**13. EVENTS AFTER BALANCE SHEET DATE**

There has not been any matter or circumstance that has arisen since the end of 30 September 2013 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.

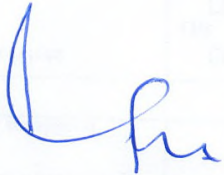
**Directors' Declaration**

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:
  - (i) present fairly the consolidated entity's financial position as at 30 September 2013 and the performance for the nine months ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* except for the comparative Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows which should be for the nine months ended 30 September 2012.
- (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, 27 November 2013



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

To the members of Vietnam Industrial Investments Limited

## Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Vietnam Industrial Investments Limited, which comprises the condensed statement of financial position as at 30 September 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the nine months period ended on that date, other selected explanatory notes and the directors' declaration.

### Directors' Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report and for such internal controls as the directors determine are necessary to enable the preparation of the interim 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 interim 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 accompanying financial report is not presented fairly, in all material respects, in accordance with AASB 134 *Interim Financial Reporting*. As the auditor of Vietnam Industrial Investments Limited and the entities it controlled during the nine months period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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 Australian professional accounting bodies.

## Basis for Qualified Conclusion

As described in note 2, the comparative condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows have been presented for the year ended 31 December 2012. In accordance with AASB 134 Interim Financial Reporting, the comparative condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows should be presented for the nine months period ended 30 September 2012.

## Qualified Conclusion

Based on our review, which is not an audit, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial report of Vietnam Industrial Investments does not present fairly, in all material respects, the company's financial position as at 30 September 2013 and its financial performance and its cash flows for the nine months period ended on that date, in accordance with AASB 134 *Interim Financial Reporting*.



Ernst & Young  
Perth  
27 November 2013