



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

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

30 August 2010

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

Dear Sirs

REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2010

(Previous corresponding period: 30 June 2009)

Attached is our report for the six months ended 30 June 2010 incorporating the requirements of Appendix 4D.

Results for announcement to the market

	6 months 30.06.2010	6 months 30.06.2009	Change \$	Change %
Revenues from ordinary activities (A\$)	195.413m	185.823m	9.590m	5%
Net profit for the period (A\$)	9.138m	14.814m	(5.676m)	(38%)
Net profit for the period attributable to members (A\$)	8.548m	12.925m	(4.377m)	(34%)
Dividends (distributions)	Amount per security	Franked amount per security		
Interim dividend	Nil	Nil		
Previous interim dividend	Nil	Nil		

Brief explanation of any of the figures reported above:

Explanation of the results for the half-year ended 30 June 2010 is provided in Review of Results of Operations of the consolidated entity in the Half-Year Financial Report.

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset per ordinary security	0.37	0.24

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

The applicable accounting standards used by the consolidated entity have been prepared in accordance with the Australian Accounting Standards.

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

Yours faithfully

ALAN A. YOUNG
Director



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

HALF-YEAR FINANCIAL REPORT 30 JUNE 2010

Corporate Information

A.B.N. 64 063 656 333

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

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

Directors

A.J. Hambly	<i>Non-Executive Director, Chairman</i>
A.A. Young	<i>Managing Director (Chief Operating Officer)</i>
H.V.H. Lam	<i>Managing Director (Vietnam Operations)</i>
M.A. Clements	<i>Non-Executive Director and Company Secretary</i>
R.S.Kwok	<i>Independent Non-Executive Director</i>

Registered Office in Australia

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Auditors

Ernst & Young
11 Mounts Bay Road
PERTH Western Australia 6000

Legal Advisors

Clayton Utz
Level 27, QV1 Building
250 St George's Terrace
PERTH Western Australia 6000

Bankers

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

Bank of Western Australia Ltd
108 St George's Terrace
PERTH Western Australia 6000

Share Registry

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

Home Exchange

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

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Directors' Report

Your directors submit their report for the half-year ended 30 June 2010.

DIRECTORS

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

Alexander John Hambly, *Non-Executive Director, Chairman*
Alan Alexander Young, *Managing Director (Chief Operating Officer)*
Henry (Van Hung) Lam, *Managing Director (Vietnam Operations)*
Mark Andrew Clements, *Non-Executive Director and Company Secretary*
Roger (Sing-Leong) Kwok, *Independent Non-Executive Director*
Craig Robert Martin, *Alternate Director of Alexander John Hambly (retired 25 June 2010)*

REVIEW AND RESULTS OF OPERATIONS

VII's share of the consolidated operating profit after income tax for the half-year ended 30 June 2010 was \$8.548 million (2009: \$12.925 million) on revenues of \$192.806 million (2009: \$183.908 million). The increase in revenue and decrease in net profit were largely attributable to the operations of the steel making division.

Whilst the steel making division contributed an operating profit after income tax of \$8.808 million on combined revenues of \$186.441 million (2009: Operating profit after income tax \$15.343 million; Revenues \$178.958 million) the operating result was down substantially on 2009. At an entity level, SSESTEEL's operating profit was VND 161.781 billion (2009: VND 142.122 billion), prior to share of loss in Dinh Vu Steel of VND 34.866 billion (2009: Nil) and Vinausteel's operating profit was VND 30.840 billion (2009: VND 81.943 billion).

The half-year group result is also impacted on negatively by exchange rate movements since the prior period. Exchange rates at 30 June 2010 were US\$0.8523/A\$, and VND19,300/US\$ (30 June 2009: US\$0.8114/A\$, and VND19,000/US\$). Average exchange rates for the six months ended 30 June 2010 were US\$0.8882/A\$, and VND18.983/US\$ (30 June 2009: US\$0.7176/A\$, and VND18.118/US\$).

As noted in our Chairman's Report in our last Annual Report, in 2009 the Group was able to benefit from high demand for construction steel in the infrastructure, industrial and property development industries which were in part due to the Vietnam government implementing stimulus measures to promote economic growth. The Group also benefitted from the Vietnam government's loan subsidy program, lowering the cost of working capital finance. However, in late 2009 the Government sought to implement anti-inflationary measures and in the first half of 2010 there continues to be significant uncertainty regarding the trading conditions and performance of the Vietnam operations. As a result of reinforcing steel capacity increasing in the North of Vietnam and raw material volatility, the profitability of the rebar mills is expected to be lower than the prior period for the remainder of the year.



REVIEW AND RESULTS OF OPERATIONS (continued)

The results of the Vietnam operations are as follows:

Steel Making Division***SSESTEEL Ltd (VII 100%)***

SSESTEEL owns and operates a fully automated rolling mill based in Hai Phong, the first company in Vietnam to introduce this advanced technology. It produces high tensile rebar and wire rod for the construction industry.

Sales of VND1.903 trillion (\$112.872 million) were up by 43% on 2009 (VND1.330 trillion or \$102.331 million). Sales increased due to the inclusion of scrap sales of VND 393.540 billion (\$23.341 million) (2009: VND 330.090 billion (\$25.389 million)). Finished goods sales volumes for 2010 were 128,108 tonnes, a decrease of 4% on the previous period (132,790 tonnes).

SSESTEEL recorded a net profit after tax of VND126.915 billion (\$7.528 million) for the half-year ended 30 June 2010 (2009: VND142.122 billion or \$10.932 million). Included in SSESTEEL net profit after tax for half-year ended 30 June 2010 is its share in Dinh Vu Steel's net loss of VND34.866 billion (\$2.068 million) (2009: Nil).

Vinausteel Ltd (VII 70%)

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

Sales of VND1.240 trillion (\$73.569 million) were up by 25% on 2009 (VND0.996 trillion or \$76.626 million). Sales for 2010 were 104,558 tonnes, an increase of 7% on the previous period (97,407 tonnes). Vinausteel recorded a net profit after tax of VND30.840 billion (\$1.829 million) for the half-year ended 30 June 2010 (2009: VND81.943 billion or \$6.303 million).

Vinausteel declared an interim dividend of VND90 billion (\$5.197 million). VII's share was VND63 billion (\$3.638 million). The Board considered it prudent, in the current circumstances in Vietnam, to hold the funds in Australia in order to preserve working capital and foreign currency exposures for the Vietnam operations.

Dinh Vu Steel Stock Company (VII 48.52%)

Dinh Vu Steel is a billet plant which utilises an electric arc furnace to produce steel billets from scrap. It is located in Dinh Vu Industrial Zone, Hai An District, Haiphong and commenced operations in March 2006. It has a design capacity of 200,000 tonnes per annum and produced 151,244 tonnes in 2008 and 178,741 tonnes in 2009.

On 19 August 2009, the Company announced that SSESTEEL Ltd had acquired a 20.51% interest in Dinh Vu Steel for a cash consideration of \$3.906 million, funded from existing cash reserves.

During the period, SSESTEEL increased its ownership in Dinh Vu Steel to 48.52% following an additional capital cash contribution of \$9.821 million, which was also funded from existing cash reserves.

This strategic acquisition is assisting the VII Group's rolling mill operations secure stable supply for part of their billet requirements with less pricing and foreign exchange risks than with importing billets. SSESTEEL recorded a share of Dinh Vu Steel's net loss after tax of VND 34.866 billion (\$2.068 million) (2009: Nil).



REVIEW AND RESULTS OF OPERATIONS (continued)

Steel Products Division

Austnam Joint Stock Corporation (VII 67%)

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

Sales of VND34.207 billion (\$2.028 million) were up by 37% on 2009 (VND24.997 billion or \$1.923 million). Sales volumes were 258,343 m² which was 10% higher than the previous period (234,498 m²). Austnam reported a net profit after tax of VND2.156 billion (\$0.128million) (2009 profit: VND0.207 billion or \$0.016 million). The improvement in net profit was due in part to income received by the Company for the sub-lease of its office premises.

Total Building Systems Ltd (VII 99%)

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

Sales of VND39.266 billion (\$2.329 million) were up by 838% on 2009 (VND4.186 billion (\$0.322 million)). TBS recorded a net loss after tax of VND0.454 billion (\$0.027 million) (2009: VND9.157 billion or \$0.704 million). TBS's operation has been scaled down from the previous year.

VRC Weldmesh (Vietnam) Ltd (VII 100%)

VRC produces welded steel mesh concrete reinforcing and steel fencing which are supplied throughout Vietnam. The operation has a purpose built factory in Ho Chi Minh City and leases factory premises in Hai Phong.

Sales of VND33.856 billion (\$2.008 million) were down by 4% on 2009's VND35.177 billion (\$2.706 million). Sales volumes were 2,355 tonnes which was 11% lower than the previous period (2,647 tonnes). The Company recorded a net loss after tax of VND7.921 billion (\$0.470 million) (2009 loss: VND9.690 billion or \$0.745 million). The Company did not achieve sufficient sales volume to generate profit.

EVENTS SUBSEQUENT TO BALANCE DATE

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

ROUNDING

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



AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 5 and forms part of the directors' report for the half-year ended 30 June 2010.

Signed in accordance with a resolution of the directors.

ALAN A. YOUNG

Director

Perth, 30th August 2010



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

In relation to our review of the financial report of Vietnam Industrial Investments Limited for the half-year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

P McIver
Partner
Perth
30 August 2010

FOR THE HALF-YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010 \$'000	2009 \$'000
Sale of goods		190,478	183,586
Contract revenue		2,328	322
Interest income		1,891	909
		<u>194,697</u>	<u>184,817</u>
Cost of sales		<u>(174,735)</u>	<u>(151,106)</u>
Gross profit		<u>19,962</u>	<u>33,711</u>
Other income	3	716	1,006
Selling expenses		(1,014)	(3,538)
Administrative expenses	3	(3,771)	(5,501)
Foreign exchange loss		-	(6,462)
Finance costs		(3,326)	(1,835)
Share of net loss of an associate		<u>(2,068)</u>	<u>-</u>
Profit before income tax		10,499	17,381
Income tax expense	5	<u>(1,361)</u>	<u>(2,567)</u>
Net profit for the period		<u>9,138</u>	<u>14,814</u>
Other comprehensive income			
Foreign currency translation	9	<u>333</u>	<u>(8,342)</u>
Other comprehensive income for the period		<u>333</u>	<u>(8,342)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>9,471</u>	<u>6,472</u>
Net profit after tax attributable to:			
Equity holders of the parent		8,548	12,925
Non-controlling interests		<u>590</u>	<u>1,889</u>
		<u>9,138</u>	<u>14,814</u>
Total comprehensive income net of tax attributable to:			
Equity holders of the parent		8,904	6,023
Non-controlling interests		<u>567</u>	<u>449</u>
		<u>9,471</u>	<u>6,472</u>
Earnings per share (cents per share) for profit attributable to the ordinary equity holders of the company:			
- basic earnings per share		6.01	9.08
- diluted earnings per share		6.01	9.08

The accompanying notes form part of the financial report.



AS AT 30 JUNE 2010

	Notes	CONSOLIDATED	
		As at 30 June 2010 \$'000	As at 31 December 2009 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	33,661	73,562
Trade and other receivables		46,574	28,738
Inventories		46,977	39,907
Financial assets at fair value through profit or loss		24	67
Other current assets		310	455
Total Current Assets		<u>127,546</u>	<u>142,729</u>
Non-current Assets			
Receivables		147	146
Investment in an associate	8	11,113	3,178
Property, plant and equipment		18,667	19,207
Deferred tax assets		354	-
Intangible assets		391	398
Total Non-current Assets		<u>30,672</u>	<u>22,929</u>
TOTAL ASSETS		<u>158,218</u>	<u>165,658</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		18,392	18,573
Advances from customers		22,775	15,228
Income tax provision		4,704	4,041
Interest-bearing loans and borrowings		51,058	73,725
Provisions		602	611
Total Current Liabilities		<u>97,531</u>	<u>112,178</u>
Non-current Liabilities			
Interest-bearing loans and borrowings		2,071	2,776
Total Non-current Liabilities		<u>2,071</u>	<u>2,776</u>
TOTAL LIABILITIES		<u>99,602</u>	<u>114,954</u>
NET ASSETS		<u>58,616</u>	<u>50,704</u>
EQUITY			
Contributed equity	6	27,819	27,819
Reserves		(4,399)	(4,755)
Retained earnings		30,428	21,880
Parent interests		53,848	44,944
Non-controlling interests		4,768	5,760
TOTAL EQUITY		<u>58,616</u>	<u>50,704</u>

The accompanying notes form part of the financial report.



FOR THE HALF-YEAR ENDED 30 JUNE 2010

CONSOLIDATED	Attributable to equity holders of the parent				Total	Non-controlling	Total
	Contributed	Foreign	Retained	Other		interests	equity
	equity	currency	Earnings/ (Accumulated Losses)	reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 1 January 2010	27,819	(5,879)	21,880	1,124	44,944	5,760	50,704
Net profit for the period	-	-	8,548	-	8,548	590	9,138
Other comprehensive income	-	356	-	-	356	(23)	333
Total comprehensive income for the period	-	356	8,548	-	8,904	567	9,471
Dividends by subsidiaries	-	-	-	-	-	(1,559)	(1,559)
At 30 June 2010	27,819	(5,523)	30,428	1,124	53,848	4,768	58,616
At 1 January 2009	27,819	2,865	(3,461)	1,124	28,347	6,185	34,532
Net profit for the period	-	-	12,925	-	12,925	1,889	14,814
Other comprehensive income	-	(6,902)	-	-	(6,902)	(1,440)	(8,342)
Total comprehensive income for the period	-	(6,902)	12,925	-	6,023	449	6,472
Dividends by subsidiaries	-	-	-	-	-	(1,541)	(1,541)
At 30 June 2009	27,819	(4,037)	9,464	1,124	34,370	5,093	39,463

The accompanying notes form part of the financial report.



FOR THE HALF-YEAR ENDED 30 JUNE 2010

	Notes	CONSOLIDATED	
		2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts from customers		225,250	198,736
Payments to suppliers and employees		(226,878)	(156,910)
Interest income		1,891	909
Borrowing costs		(3,326)	(1,835)
Income tax (paid)/refund		(1,090)	621
Net cash flows (used in)/provided by operating activities		<u>(4,153)</u>	<u>41,521</u>
Cash flows from investing activities			
Acquisition of an associate		(9,821)	-
Proceeds from sale of property, plant and equipment		38	26
Purchase of property, plant and equipment		(388)	(858)
Net cash flows used in investing activities		<u>(10,171)</u>	<u>(832)</u>
Cash flows from financing activities			
Proceeds from bank borrowings		48,364	98,132
Repayment of bank borrowings		(71,731)	(84,116)
Dividends paid to non-controlling interests		(1,559)	(778)
Net cash flows (used in)/provided by financing activities		<u>(24,926)</u>	<u>13,238</u>
Net (decrease)/increase in cash and cash equivalents		(39,250)	53,927
Net foreign exchange difference		(651)	(13,311)
Cash and cash equivalents at beginning of period		<u>73,562</u>	<u>28,529</u>
Cash and cash equivalents at end of period	7	<u><u>33,661</u></u>	<u><u>69,145</u></u>

The accompanying notes form part of the financial report.



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2010

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

The half-year consolidated financial report is a general-purpose condensed financial report of Vietnam Industrial Investments Limited (“the Company”) and its subsidiaries (“the consolidated entity”), which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is also recommended that the half-year financial report be read in conjunction with the annual report for the year ended 31 December 2009 and considered together with any public announcements made by Vietnam Industrial Investments Limited and its controlled entities during the half-year ended 30 June 2010 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

The half-year financial report has been prepared on a historical cost basis, except for the financial assets through profit or loss that have been measured at fair value.

Changes in accounting policy

The following amending Standards have been adopted from 1 January 2010. Adoption of these Standards did not have any effect on the financial position or performance of the Group.

AASB 2009-7 Amendments to Australian Accounting Standards effective 1 July 2009

These amendments are editorial amendments to AASB 5, AASB 7, AASB 107, AASB 112, AASB 136, AASB 139 and AASB Interpretation 17 that have no major impact on the requirements of the amended pronouncements. The Group adopted this amendment as of 1 January 2010. The amendment had no impact on the application or wording of the Group’s accounting policies.

AASB 2009-8 Amendments to Australian Accounting Standards- Group Cash settled Share-based Payment Transactions effective 1 January 2010

These amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The Group adopted this amendment as of 1 January 2010 and has amended its accounting policy accordingly.

AASB 3 (revised) and AASB 127(revised)

These amendments are not expected to have any impact on the entity’s financial report.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2010

2. 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, Total Building Systems Ltd, and VRC Weldmesh (Vietnam) Ltd which are primarily engaged in the manufacturing and trading of steel roofing and steel frames, electrically welded wire products whilst providing total building solutions for the Vietnam construction industry.

Others: relates to corporate charges which are separately accounted from the business segments.

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 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.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2010

2. SEGMENT INFORMATION (Continued)

Segment Performance

	Steel Making \$'000	Steel Products \$'000	Others \$'000	Total \$'000
Half-year ended 30 June 2010				
Revenues				
External revenues	186,441	6,365	-	192,806
Inter-segment revenues	325	44	-	369
Interest income	1,849	28	14	1,891
Other revenues	189	72	455	716
Total segment revenues	<u>188,804</u>	<u>6,509</u>	<u>469</u>	<u>195,782</u>
Inter-segment elimination				<u>(369)</u>
Total revenue per statement of comprehensive income				<u><u>195,413</u></u>
Results				
Segment result before tax	12,786	(369)	150	12,567
Income tax expense	(1,361)	-	-	(1,361)
Segment results after tax	<u>11,425</u>	<u>(369)</u>	<u>150</u>	<u>11,206</u>
Share in net loss of associate	(2,068)	-	-	<u>(2,068)</u>
Net profit after tax				<u><u>9,138</u></u>
Half-year ended 30 June 2009				
Revenues				
External revenues	178,958	4,950	-	183,908
Inter-segment revenues	813	52	-	865
Interest income	872	16	21	909
Other revenues	707	218	81	1,006
Total segment revenues	<u>181,350</u>	<u>5,236</u>	<u>102</u>	<u>186,688</u>
Inter-segment elimination				<u>(865)</u>
Total revenue per statement of comprehensive income				<u><u>185,823</u></u>
Results				
Segment result before tax	19,968	(1,434)	(1,153)	17,381
Income tax expense	(2,562)	-	(5)	(2,567)
Segment results after tax	<u>17,406</u>	<u>(1,434)</u>	<u>(1,158)</u>	<u>14,814</u>
Net profit after tax				<u><u>14,814</u></u>



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2010

2. SEGMENT INFORMATION (Continued)

	Steel Making \$'000	Steel Products \$'000	Others \$'000	Total \$'000
Segment assets				
At 30 June 2010				
Segment operating assets	132,087	8,341	8,015	148,443
Inter-segment eliminations	-	-	-	(1,415)
Investment in an associate	11,113	-	-	11,113
Goodwill	-	-	77	77
Total assets per statement of financial position				<u>158,213</u>
At 31 December 2009				
Segment operating assets	149,987	9,075	4,620	163,682
Inter-segment eliminations	-	-	-	(1,279)
Investment in an associate	3,178	-	-	3,178
Goodwill	-	-	77	77
Total assets per statement of financial position				<u>165,658</u>
Segment liabilities				
At 30 June 2010				
Segment operating liabilities	95,169	7,298	236	102,703
Inter-segment eliminations	-	-	-	(3,101)
Total liabilities per statement of financial position				<u>99,602</u>
At 31 December 2009				
Segment operating liabilities	109,583	7,665	550	117,798
Inter-segment eliminations	-	-	-	(2,844)
Total liabilities per statement of financial position				<u>114,954</u>

3. REVENUE AND EXPENSES

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

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
(i) Other income		
Rent income	32	79
Foreign exchange gain	171	-
Contract compensation received	221	466
Other	292	461
	<u>716</u>	<u>1,006</u>
(ii) Expenses		
Depreciation and amortisation	(1,041)	(793)
Foreign exchange loss	-	(6,462)
(iii) Administrative expenses		
Employee related expenses	(1,166)	(2,245)
Other	(2,605)	(3,256)
	<u>(3,771)</u>	<u>(5,501)</u>



**Notes to the Half-Year Financial Statements
FOR THE HALF-YEAR ENDED 30 JUNE 2010**

4. DIVIDENDS PAID AND PROPOSED

There have been no dividends paid and proposed during the half-year ended 30 June 2010 (2009: Nil) and for the financial year ended 31 December 2009 (2008: Nil).

5. INCOME TAX EXPENSE

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Income tax expense consists of:		
Current income tax	(1,707)	(2,567)
Deferred income tax	346	-
	<u>(1,361)</u>	<u>(2,567)</u>

(a) The Group's effective income tax rate of 13% (2009: 15%) was lower than the Australian statutory income tax rate of 30% (2009: 30%) as the Vietnam income tax rates ranged between 10% and 25%.

6. CONTRIBUTED EQUITY

	CONSOLIDATED	
	30 June 2010	31 December 2009
	\$'000	\$'000
Ordinary shares	<u>27,819</u>	<u>27,819</u>
	Number	Number
Number of shares	<u>142,277,423</u>	<u>142,277,423</u>

7. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank and in hand	11,977	14,297
Short-term deposits	21,684	54,848
	<u>33,661</u>	<u>69,145</u>



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2010

8. INVESTMENT IN AN ASSOCIATE

(a) Investment details

	CONSOLIDATED	
	30 June 2010	31 December 2009
	\$'000	\$'000
Investment in an associate - unlisted	11,113	3,178

On 19 August 2009, the Company announced that SSESTEEL Ltd had acquired a 20.51% interest in Dinh Vu Steel for a cash consideration of \$3.906 million, funded from existing cash reserves.

During the period, SSESTEEL increased its ownership in Dinh Vu Steel to 48.52% following an additional capital cash contribution of \$9.821 million, which was also funded from existing cash reserves.

The Group has significant influence over the associate as the Group is represented on the associate's Board of Management and SSESTEEL provides some financial and operational assistance to this company.

(b) Share in associate's net loss

Associate	30 June 2010	Ownership interest		30 June 2010	30 June 2009
		31 December 2009	30 June 2009		
Dinh Vu Steel Stock Company	48.52%	20.51%	-	(2,068)	-

(c) Summarised financial position and performance of an associate

	CONSOLIDATED	
	30 June 2010	31 December 2009
	\$'000	\$'000
Financial position		
Current assets	31,052	15,154
Non-current assets	61,633	58,456
Total assets	92,685	73,610
Current liabilities	65,017	56,329
Non-current liabilities	23,645	22,187
Total liabilities	88,662	78,516
Net assets/(deficiency)	4,023	(4,906)
Share of associate's net assets/(deficiency)	1,952	(1,006)

	CONSOLIDATED	
	2010	2009
	\$'000	\$'000
Financial performance		
For the half-year ended 30 June		
Revenues	52,891	-

(d) Fair value of investment in an associate

At 30 June 2010, the fair value of the investment in an associate is determined based on the Vietnam over-the-counter prices. The fair value of the investment in an associate is significantly higher than the associate's net assets. As a result, no impairment loss had been recognised for the half-year ended 30 June 2010 (2009: Nil).



Notes to the Half-Year Financial Statements FOR THE HALF-YEAR ENDED 30 JUNE 2010

9. 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 are translated into exchange rates as at the date of each transaction.

10. COMMITMENTS AND CONTINGENCIES

As at 30 June 2010, the Group has contractual commitments of \$2.572 million (31 December 2009: \$2.319 million) relating to the construction of a pig iron factory to be used in Dinh Vu Steel's operation and an estimated \$0.669 million (31 December 2009: Nil) relating to land clearance for Dinh Vu Steel's coke coal mill in Hai Phong. These commitments are expected to be settled within twelve months from reporting date.

The Company entered into a new month-by-month office lease arrangement on 1 May 2010.

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

11. EVENTS AFTER BALANCE SHEET DATE

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



Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2010 and the performance for the half-year ended on that date of the consolidated entity
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

ALAN A. YOUNG

Director

Perth, 30th August 2010



To the members of Vietnam Industrial Investments Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vietnam Industrial Investments Limited, which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vietnam Industrial Investments Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

P McIver
Partner
Perth
30 August 2010