



ASX ANNOUNCEMENT

29 August 2014

2014 FULL YEAR RESULTS AND BUSINESS UPDATE

VDM Group Limited (**VDM** or the **Company**) today released its Appendix 4E containing the financial results for the year ended 30 June 2014.

Summary of Financial Results

\$ million	FY2014	FY2013	% change
Revenue from continuing operations	24.6	127.8	80.8
Gross profit / (loss)	0.7	(20.6)	n/a
Loss from continuing operations after tax	(14.7)	(73.5)	80.0
Loss from discontinued operations after tax	(6.7)	(11.0)	39.0
Reported loss	(21.4)	(84.4)	74.7

Revenue from continuing activities of \$24.6 million represents a decrease of 80.8% in comparison with the prior year. VDM's construction activities were significantly reduced during the year as the Company concentrated on closing out the large suite of active construction contracts and did not enter into any new construction contracts. Gross profit of \$0.7 million is an improvement over the previous year's gross loss of \$20.6 million. The previous year was negatively impacted by significant losses that were recorded on a few large construction projects.

The \$21.4 million loss for the year is mainly comprised of administration expenses of \$17.0 million and loss from discontinued operations of \$6.7 million. VDM was restructured during the year with divestment of the Queensland construction business and the remaining Queensland and Western Australia consulting businesses. The business divestments and project close-outs have simplified and rationalised the business which allows the board and management to concentrate on growing VDM under its new business strategy. Ongoing administration expenses have been significantly reduced and will be rescaled to match future business growth.

BOARD & MANAGEMENT

Dr Dongyi Hua
EXECUTIVE CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

Mr Michael Fry
NON-EXECUTIVE DIRECTOR

Mr Velko (Vic) Jakovich
NON-EXECUTIVE DIRECTOR

Mr Luk Hiuming
NON-EXECUTIVE DIRECTOR

Mr Padraig O'Donoghue
CHIEF FINANCIAL OFFICER
COMPANY SECRETARY

REGISTERED OFFICE

Level 1
Fortescue Centre
30 Terrace Road
East Perth, WA 6004

POSTAL ADDRESS

Locked Bag 8
East Perth, WA 6892

CONTACT DETAILS

Tel: (08) 9265 1100

WEBSITE

vdmgroup.com.au

SHARE REGISTRY

Computershare Investor
Services Pty Limited
GPO Box 2975
Melbourne, VIC 2975
Tel: 1300 850 505

ASX CODE

VMG

Business Update

During the course of recent months VDM has been successful in developing its Equipment division.

As announced on 24 June 2014, VDM has signed a letter of intent to establish a joint venture with SANY Heavy Machinery (JV). SANY is a leading manufacturer and well-established brand of heavy equipment worldwide. SANY's strategy is focused around product innovation, product quality, customer service and price competitiveness. VDM is proud to partner with SANY and is confident this innovative and successful brand will flourish in Australia.

The JV company has been registered and VDM and SANY representatives are progressing plans and schedules for the JV including equipment fleet delivery, showroom and workshop premises, sales and promotion activities, and additional staffing requirements. VDM has already commenced hiring SANY equipment to customers and has ordered more equipment from the SANY to offer for hire and sale within the joint venture in the coming months.

VDM aims to reproduce similar JV arrangements with other established Asian manufacturers of high-quality equipment who want more success in the Australian market. The model significantly improves the competitive offering for these manufacturers through: 1) delivery of professional and knowledgeable after-sales maintenance and repair service, 2) improved Australian spare parts inventory management and parts sales, and 3) offering customers flexible and attractive equipment hire arrangements.

VDM will provide future updates on implementation of the new business plan in due course as further progress is made.

For further information please contact:

Dr Dongyi Hua
Executive Chairman & Interim CEO
VDM Group Limited
(08) 9265 1100

Padraig O'Donoghue
CFO & Company Secretary
VDM Group Limited
(08) 9265 1100