



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

VIETNAM INDUSTRIAL INVESTMENTS LIMITED

29 February 2008

Company Announcements Office
Australian Stock Exchange Limited
10th Floor
20 Bond Street
SYDNEY NSW 2000

Dear Sirs

APPENDIX 4E

Please find attached Appendix 4E for the year ended 31 December 2007.

Yours faithfully
VIETNAM INDUSTRIAL INVESTMENTS LIMITED

ALAN A. YOUNG
Managing Director
(Chief Operating Officer)

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

(Corresponding year: 31 December 2006)

Results for announcement to the market

| | | | | \$'000 |
|---|----|---------------------|----|-----------------------------|
| Revenues from ordinary activities | Up | 41% | to | 260,487 |
| Profit from ordinary activities after tax attributable to members | Up | 163% | to | 1,401 |
| Net Profit for the period attributable to members | Up | 163% | to | 1,401 |
| Dividends (distributions) | | Amount per security | | Franked amount per security |
| Interim dividend | | Nil | | Nil |
| Previous corresponding period | | Nil | | Nil |

Attached are the following:

- Commentaries for the net results for the year attributable to members
- Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement

| NTA Backing | Current Period | Previous Corresponding Period |
|--|----------------------|-------------------------------|
| Net tangible asset per ordinary security | 6.68 cents per share | 5.89 cents per share |

COMPLIANCE STATEMENT

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

The consolidated entity did not have any associates or joint venture entities during the year.

The applicable accounting standards used by the consolidated entity have been prepared in accordance with the Australian equivalents to International Financial Reporting Standards.

The Financial Report for the year ended 31 December 2007 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 2007

RESULTS OF OPERATIONS

The consolidated profit after tax and minority interests for the year ended 31 December 2007 was A\$1.401 million (2006: profit A\$0.532 million).

The consolidated entity ceased to classify the disposal group as held for sale for the year ended 31 December 2007 on the basis that the Company's present intention is to retain its investment in Vinausteel Limited and SSESTEEL Limited.

As a result, the depreciation expense not recognised for the disposal group in 2006 of A\$1.388 million has been included in the current year's consolidated income statement. The Consolidated Income Statement for the year ended 31 December 2007 and the comparative year reflect the Group as a continuing operation.

Corporate

On 29 January 2008, the Company announced a Renounceable Rights Issue to existing shareholders on the basis of one (1) New Share for every two (2) Shares held at 5.00 pm (AWDST) on 6 February 2008, at a price of A\$0.15 per New Share to raise a maximum of approximately A\$7.749 million (before costs).

The Offer closed on 26 February 2008 and raised approximately A\$5.84 million (before costs). The funds from the Offer, after payment of the costs of the Offer, will be used by the Company to address the following activities:

- (a) repayment of loan provided to the Company, totalling approximately A\$1.6 million;
- (b) reduce SSESTEEL's short term debt and net deficiency of approximately A\$3 million; and
- (c) assist with funding the working capital requirements of approximately A\$1.2 million of the Company and its operating subsidiaries in Vietnam, to enable the Company and its subsidiaries to continue to expand their manufacturing capacity and capabilities.

On 15 January 2008, the Company announced that SSESTEEL has obtained an investment certificate to implement a billet plant in Haiphong, Vietnam, with an investment capital estimated at approximately VND893 billion (equivalent US\$56 million). SSESTEEL is considering various designs and equipment suppliers for the project. The Company is assessing its financing options and may seek a suitable strategic partner to participate in the project. A new company will be established to implement the billet plant which will be known as Australia Steel Billet Co. Ltd.

Principal Activities

The principal activities of the Company during the year were the investments in Vietnam through its operating subsidiaries, Austnam Joint Stock Corporation, SSESTEEL Ltd, Total Building Systems Ltd, Vinausteel Ltd, and VRC Weldmesh (Vietnam) Ltd.

Results of Vietnam Operations

The results of the Vietnam operations are as follows:

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. Austnam is one of a limited number of foreign invested enterprises which has been converted into a joint stock corporation.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Austnam Joint Stock Corporation (VII 67%) (cont.)

Sales for 2007 were 595,903m² which was 13% lower than the previous year (681,359m²). This represented sales revenue of VND68.6 billion (A\$5.0 million), an increase of 22% on 2006 (VND56.3 billion or A\$4.7 million). The increase in sales revenue was due to the increase in sales price. Austnam reported a net loss after tax of VND2.8 billion (A\$0.20 million), a decrease from the 2006 loss of VND7.7 billion (A\$0.63 million). Austnam's operating result continues to be adversely affected by the increasing competitiveness of the Vietnam metal roofing market. Austnam's management has initiated a diversification strategy to counter the issues faced by its core product. However, this has not yet been fully implemented.

SSESTEEL Ltd (VII 100%)

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

The Company achieved 106,334 tonnes of rebar sales (2006: 100,133 tonnes) and wire rod sales of 46,568 tonnes (2006: 17,239 tonnes). This represented sales revenue of VND1.604 trillion (A\$117.9 million), up 70% on 2006 (VND943 billion or A\$77.9 million). SSESTEEL reported a net profit after tax of VND18.7 billion (A\$1.4 million) (2006: profit VND3.3 billion or A\$0.27 million). The SSESTEEL operation improved its operating performance in the second half of the year as a result of increased construction activity and rising finished steel prices. SSESTEEL's net profit after tax of VND18.7 billion (A\$1.4 million) which included depreciation expense not recognised for the disposal group in 2006 of VND9.4 billion (A\$0.692 million).

SSESTEEL has a net current asset deficiency at 31 December 2007 of A\$14.5 million (2006: A\$18.5 million) which is due to the majority of its borrowings from financiers being due for renewal within 12 months of balance date. The Company has provided security to various banks for banking facilities provided to Vietnam subsidiaries in the form of letters of guarantee totalling US\$17.8 million (A\$20.2 million) (2006: US\$15.9 million or A\$20 million) and security to the supplier of machinery and equipment to SSESTEEL in the form of a letter of guarantee totalling Euro 2.5 million (A\$4.1 million) (2006: Euro 2.3 million or A\$3.9 million). At 31 December 2007, the total interest bearing liabilities drawdown to which these corporate guarantees relate to were US\$7.5 million (A\$8.5 million) (2006: A\$15 million).

The Board will continue to closely monitor the net current asset deficiency in the SSESTEEL operation.

The ability of SSESTEEL, and thus the holding Company and the consolidated entity to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report is dependent upon the following:

- the ongoing financial support of the financiers of SSESTEEL and the Company;
- SSESTEEL successfully managing their working capital requirements and the procurement of steel billets, which account for greater than 80% of total costs for these operations and are subject to fluctuations driven by the worldwide steel market; and
- the Company's Vietnam operations successfully managing their working capital requirements with external financiers.

Should SSESTEEL or the Company and its other subsidiaries not materially achieve the matters above, there is some uncertainty as to whether SSESTEEL or the Company and its subsidiaries will continue as a going concern and therefore, whether the Company and its subsidiaries will be able to pay their debts as and when they fall due and whether therefore they will be able to realise their assets and extinguish their liabilities in the normal course of business.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

Total Building Systems Limited (VII 98%)

Total Building Systems Limited (“TBS”) is a full service building systems provider supplying engineering services, building systems and construction services to industrial and residential consumers in Vietnam. That is, a steel building maker that offers full service from engineering through to construction, including a wide range of products from building accessories to complete building systems.

On 22 August 2007, the Group provided a capital contribution to TBS of \$0.22 million which increased the Company’s equity interest in TBS from 97% to 98%.

Total revenues for the year were VND92.7 billion or A\$6.8 million (2006: VND63.1 billion or A\$5.2 million) as a result of rapidly establishing itself as a prominent turn-key solution building company in Vietnam. However, TBS reported a net loss after tax for the year of VND10.9 billion (A\$0.80 million) (2006: profit of VND0.025 billion or A\$0.002 million). TBS requires further working capital to reduce its financing costs.

Vinausteel Limited (VII 70%)

Vinausteel owns and operates a steel rolling mill in Haiphong which produces round and deformed reinforcing steel bar for the construction industry. Vinausteel reported a net profit after tax of VND38.9 billion (A\$2.86 million) (2006 profit: VND25.6 billion or A\$2.11 million) as high billet prices, the main input material for production in the rolling mills, pushed pricing on finished steel higher. Vinausteel’s net profit after tax of VND38.9 billion (A\$2.86 million) which included depreciation expense not recognised for the disposal group in 2006 of VND9.5 billion (A\$0.696 million).

Sales for 2007 were 149,585 tonnes, an increase of 8% on the previous year (138,980 tonnes). This represented sales revenue of VND1.661 trillion (A\$122.1 million) up 55% on 2006 (VND1.073 trillion or A\$88.7 million).

On 18 August 2007, Vinausteel declared an interim dividend of VND10.00 billion of which the share attributable to the Company is VND7.00 billion (\$0.54 million).

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 operates factory premises in Hanoi.

Sales for the year were 9,226 tonnes which was 9% higher than the previous year (8,484 tonnes). This represented sales revenue of VND100 billion (A\$7.4 million) up 28% on 2006 (VND77.9 billion or A\$6.4 million). Sales were higher as a result of increased construction activity, particularly in the second half of the year. In 2007, the Company reported a net loss after tax of VND3.3 billion (A\$0.24 million) (2006 loss: VND3.2 billion or A\$0.26 million) which included adjustments for inventory obsolescence and deferred tax of VND3.9 billion.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2007

| | CONSOLIDATED | | PARENT | |
|--|---------------|---------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 12,349 | 783 | 134 | 222 |
| Trade and other receivables | 19,835 | 5,352 | 2,940 | 862 |
| Inventories | 21,902 | 2,331 | - | - |
| Financial assets – at fair value through profit or loss | 210 | 376 | 210 | 376 |
| Other current assets | 406 | 785 | 70 | 30 |
| | <u>54,702</u> | <u>9,627</u> | <u>3,354</u> | <u>1,490</u> |
| Assets of disposal group classified as held for sale | - | 50,492 | - | 12,554 |
| Total Current Assets | <u>54,702</u> | <u>60,119</u> | <u>3,354</u> | <u>14,044</u> |
| Non-current Assets | | | | |
| Receivables | 155 | 7 | 91 | 303 |
| Investments in subsidiaries | - | - | 17,072 | 4,302 |
| Property, plant and equipment | 13,138 | 4,065 | 14 | 18 |
| Deferred tax assets | - | 118 | - | - |
| Intangible assets and good will | 595 | 543 | - | - |
| Total Non-current Assets | <u>13,888</u> | <u>4,733</u> | <u>17,177</u> | <u>4,623</u> |
| TOTAL ASSETS | <u>68,590</u> | <u>64,852</u> | <u>20,531</u> | <u>18,667</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 25,223 | 3,064 | 771 | 250 |
| Advances from customers | 5,772 | 486 | - | - |
| Income tax payable | 1,110 | - | - | - |
| Interest-bearing loans and borrowings | 20,872 | 3,802 | 1,500 | - |
| Provisions | 542 | 170 | 32 | 88 |
| | <u>53,519</u> | <u>7,522</u> | <u>2,303</u> | <u>338</u> |
| Liabilities directly associated with assets classified as held for sale | - | 44,678 | - | - |
| Total Current Liabilities | <u>53,519</u> | <u>52,200</u> | <u>2,303</u> | <u>338</u> |
| Non-current Liabilities | | | | |
| Interest-bearing loans and borrowings | 2,254 | 558 | - | - |
| Deferred tax liabilities | 20 | 23 | 20 | 23 |
| Total Non-current Liabilities | <u>2,274</u> | <u>581</u> | <u>20</u> | <u>23</u> |
| TOTAL LIABILITIES | <u>55,793</u> | <u>52,781</u> | <u>2,323</u> | <u>361</u> |
| NET ASSETS | <u>12,797</u> | <u>12,071</u> | <u>18,208</u> | <u>18,306</u> |
| EQUITY | | | | |
| Equity attributable to equity holders of parent | | | | |
| Contributed equity | 22,057 | 22,057 | 22,057 | 22,057 |
| Reserves | 73 | 721 | - | - |
| Accumulated losses | (14,651) | (16,052) | (3,849) | (3,751) |
| Parent interests | <u>7,479</u> | <u>6,726</u> | <u>18,208</u> | <u>18,306</u> |
| Minority interests | <u>5,318</u> | <u>5,345</u> | <u>-</u> | <u>-</u> |
| TOTAL EQUITY | <u>12,797</u> | <u>12,071</u> | <u>18,208</u> | <u>18,306</u> |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

| | CONSOLIDATED | | PARENT | |
|--|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Continuing operations | | | | |
| Sale of goods | 252,119 | 179,951 | - | - |
| Contract revenue | 7,219 | 3,448 | - | - |
| Other revenue | 227 | 213 | 808 | 142 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Revenue | 259,565 | 183,612 | 808 | 142 |
| Cost of sales | (243,484) | (169,711) | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Gross profit | 16,081 | 13,901 | 808 | 142 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Other income | 922 | 760 | 450 | 446 |
| Impairment of investment in subsidiaries | - | - | - | (386) |
| Marketing expenses | (3,290) | (3,333) | - | - |
| Administrative expenses | (6,211) | (6,040) | (1,245) | (840) |
| Finance costs | (2,537) | (3,844) | (114) | - |
| Loss on the re-measurement of disposal group classified as held for sale | (1,388) | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Profit/(loss) from continuing operations before income tax | 3,577 | 1,444 | (101) | (638) |
| Income tax benefit/(expense) | (1,403) | (470) | 3 | (23) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net profit/(loss) for the year | 2,174 | 974 | (98) | (661) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Attributable to: | | | | |
| Minority interests | 773 | 442 | - | - |
| Members of the Parent | 1,401 | 532 | (98) | (661) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | Cents | Cents | | |
| Earnings per share for profit attributable to the ordinary equity holders of the Company: | | | | |
| - Basic and diluted earnings per share | 1.36 | 0.52 | | |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

| CONSOLIDATED | <i>Attributable to equity holders of the parent</i> | | | | | <i>Minority interest</i> | <i>Total equity</i> |
|--|---|--|---------------------------|-----------------------|---------------|--------------------------|---------------------|
| | <i>Contributed equity</i> | <i>Foreign currency translation reserves</i> | <i>Accumulated losses</i> | <i>Other reserves</i> | <i>Total</i> | | |
| | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> |
| At 1 January 2006 | 22,057 | 62 | (16,584) | 1,124 | 6,659 | 5,353 | 12,012 |
| Currency translation differences | - | (465) | - | - | (465) | (450) | (915) |
| Total income and expense recognised directly in equity | - | (465) | - | - | (465) | (450) | (915) |
| Net profit for the year | - | - | 532 | - | 532 | 442 | 974 |
| Total income and expense for the year | - | (465) | 532 | - | 67 | (8) | 59 |
| At 31 December 2006 | 22,057 | (403) | (16,052) | 1,124 | 6,726 | 5,345 | 12,071 |
| Currency translation differences | - | (648) | - | - | (648) | (570) | (1,218) |
| Total income and expense recognised directly in equity | - | (648) | - | - | (648) | (570) | (1,218) |
| Net profit for the year | - | - | 1,401 | - | 1,401 | 773 | 2,174 |
| Total income and expense for the year | - | (648) | 1,401 | - | 753 | 203 | 956 |
| Dividends | - | - | - | - | - | (230) | (230) |
| At 31 December 2007 | 22,057 | (1,051) | (14,651) | 1,124 | 7,479 | 5,318 | 12,797 |

APPENDIX 4E**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

| PARENT | <i>Attributable to equity holders of the parent</i> | | |
|----------------------------|---|-------------------------------|---------------|
| | <i>Contributed equity</i> | <i>Accumulated losses</i> | <i>Total</i> |
| | <i>\$'000</i> | <i>\$'000</i> | <i>\$'000</i> |
| At 1 January 2006 | 22,057 | (3,090) | 18,967 |
| Net loss for the year | - | (661) | (661) |
| At 31 December 2006 | 22,057 | (3,751) | 18,306 |
| Net loss for the year | - | (98) | (98) |
| At 31 December 2007 | 22,057 | (3,849) | 18,208 |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

| | CONSOLIDATED | | PARENT | |
|---|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Cash flows from operating activities | | | | |
| Receipts from customers | 263,074 | 176,163 | 450 | 746 |
| Payments to suppliers and employees | (248,395) | (167,632) | (1,163) | (733) |
| Dividend received | - | - | 538 | - |
| Interest received | 111 | 137 | 12 | 15 |
| Interest paid | (2,537) | (3,844) | (45) | - |
| Income taxes paid | (572) | - | - | - |
| Net cash flows provided by/(used in) operating activities | 11,681 | 4,824 | (208) | 28 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of property, plant and equipment | 97 | 336 | - | - |
| Purchase of property, plant and equipment | (169) | (1,481) | - | - |
| Proceeds from sale of financial assets at fair value through profit or loss | 293 | - | 293 | - |
| Purchase of financial assets at fair value through profit or loss | (10) | (50) | (10) | (50) |
| Investment in subsidiaries | - | - | (216) | (1,635) |
| Acquisition of intangible assets | (11) | (33) | - | - |
| Net cash provided by/(used in) investing activities | 200 | (1,228) | 67 | (1,685) |
| Cash flows from financing activities | | | | |
| Proceeds from bank borrowings | 145,988 | 118,054 | 1,500 | - |
| Repayment of bank borrowings | (147,666) | (121,979) | - | - |
| (Loan to)/proceeds from controlled entities | - | - | (1,447) | 969 |
| Issuance of share capital by minority interest | - | 43 | - | - |
| Dividends paid to minority interest | (230) | - | - | - |
| Net cash flows (used in)/provided by financing activities | (1,908) | (3,882) | 53 | 969 |
| Net increase/(decrease) in cash and cash equivalents | 9,973 | (286) | (88) | (688) |
| Net foreign exchange differences | (527) | (259) | - | - |
| Cash and cash equivalents at beginning of year | 2,903 | 3,448 | 222 | 910 |
| Cash and cash equivalents at end of year | 12,349 | 2,903 | 134 | 222 |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

SEGMENT REPORTING

Geographical segments

The consolidated entity operates predominantly in two geographical areas – Australia and Vietnam. The Group's geographical segments are determined based on the location of the Group's assets. The home country of the parent company is Australia where the holding investment company is located. The Vietnam manufacturing operations comprise the continuing operations and discontinued operations. Continuing operations include Austnam Joint Stock Corporation, Total Building Systems Ltd, and VRC Weldmesh (Vietnam) Ltd which primarily engaged in the manufacturing and trading of electrically welded wire products, steel roofing and steel frames, and providing total building solutions for the Vietnam construction industry and the wire rod and rebar activities of Vinausteel Limited and SSESTEEL Ltd.

| | Continuing Operations | | | | Total | | Eliminations | | Consolidated | |
|------------------------|-----------------------|---------|---------|---------|---------|---------|--------------|---------|--------------|---------|
| | Australia | | Vietnam | | | | | | | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Revenue | | | | | | | | | | |
| External sales | - | - | 252,119 | 179,951 | 252,119 | 179,951 | - | - | 252,119 | 179,951 |
| Intersegment | | | | | | | | | | |
| Sales | - | - | 6,372 | 480 | 6,372 | 480 | (6,372) | (480) | - | - |
| Contract revenue | - | - | 7,219 | 3,448 | 7,219 | 3,448 | - | - | 7,219 | 3,448 |
| Interest revenue | 154 | 66 | 99 | 122 | 253 | 188 | (142) | (51) | 111 | 137 |
| Dividend | | | | | | | | | | |
| revenue | 538 | - | - | - | 538 | - | (538) | - | - | - |
| Other income | 566 | 522 | 716 | 314 | 1,282 | 836 | (244) | - | 1,038 | 836 |
| Total segment | | | | | | | | | | |
| revenue | 1,258 | 588 | 266,525 | 184,315 | 267,783 | 184,903 | (7,296) | (531) | 260,487 | 184,372 |
| Segment results | | | | | | | | | | |
| Profit/(loss) | | | | | | | | | | |
| before tax | (101) | (638) | 4,216 | 1,696 | 4,115 | 1,058 | (538) | 386 | 3,577 | 1,444 |
| Income tax | | | | | | | | | | |
| expense | 3 | (23) | (1,406) | (447) | (1,403) | (470) | - | - | (1,403) | (470) |
| Consolidated | | | | | | | | | | |
| operating profit | | | | | | | | | | |
| after tax | | | | | | | | | 2,174 | 974 |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

SEGMENT REPORTING (CONTINUED)

| | Continuing Operations | | | | Total | | Eliminations | | Consolidated | |
|---|-----------------------|---------|---------|---------|---------|---------|--------------|----------|--------------|---------|
| | Australia | | Vietnam | | | | | | | |
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Segment assets | 20,531 | 18,667 | 78,010 | 76,925 | 98,541 | 95,592 | (29,951) | (30,740) | 68,590 | 64,852 |
| Segment Liabilities | 2,323 | 361 | 62,667 | 62,663 | 64,990 | 63,024 | (9,197) | (10,243) | 55,793 | 52,781 |
| Acquisition of plant, property and equipment and other non-current assets | - | - | 97 | 2,400 | 97 | 2,400 | - | - | 97 | 2,400 |
| Depreciation and amortisation expense | 4 | 6 | 1,828 | 530 | 1,832 | 536 | - | - | 1,832 | 536 |
| Loss on re-measurement | - | - | 1,388 | - | 1,388 | - | - | - | 1,388 | - |
| Impairment losses | - | 386 | - | - | - | 386 | - | (386) | - | - |
| Cash flow Information | | | | | | | | | | |
| Net cashflows from operating activities | (208) | 28 | 12,056 | 5,484 | 11,848 | 5,512 | (167) | (688) | 11,681 | 4,824 |
| Net cashflows from investing activities | 67 | (1,685) | (300) | (1,749) | (233) | (3,434) | 433 | 2,206 | 200 | (1,228) |
| Net cashflows from financing activities | 53 | 969 | (1,548) | (1,675) | (1,495) | (706) | (413) | (3,176) | (1,908) | (3,882) |

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

ACCUMULATED LOSSES

| | CONSOLIDATED | | PARENT | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Accumulated losses | (14,651) | (16,052) | (3,849) | (3,751) |
| Movement in accumulated losses | | | | |
| Opening balance | (16,052) | (16,584) | (3,751) | (3,090) |
| Net profit/(loss) for the year | 1,401 | 532 | (98) | (661) |
| Closing balance | (14,651) | (16,052) | (3,849) | (3,751) |

EVENTS AFTER THE BALANCE SHEET DATE

On 29 January 2008, the Company announced a Renounceable Rights Issue to existing shareholders on the basis of one (1) New Share for every two (2) Shares held at 5.00 pm (AWDST) on 6 February 2008, at a price of A\$0.15 per New Share to raise a maximum of approximately A\$7,749,000 (before costs).

The Offer closed on 26 February 2008 and raised approximately A\$5,840,000 (before costs). The funds from the Offer, after payment of the costs of the Offer, will be used by the Company to address the following activities:

- (a) repayment of loan provided to the Company, totalling approximately A\$1,600,000;
- (b) reduce SSESTEEL's short term debt and net deficiency of approximately A\$3,000,000; and
- (c) assist with funding the working capital requirements of approximately A\$1,200,000 of the Company and its operating subsidiaries in Vietnam, to enable the Company and its subsidiaries to continue to expand their manufacturing capacity and capabilities.

On 15 January 2008, the Company announced that SSESTEEL has obtained an investment certificate to implement a billet plant in Haiphong, Vietnam, with an investment capital estimated at approximately VND893 billion (equivalent US\$56,000,000). SSESTEEL is considering various designs and equipment suppliers for the project. The Company is assessing its financing options and may seek a suitable strategic partner to participate in the project. A new company will be established to implement the billet plant which will be known as Australia Steel Billet Co. Ltd.