



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

## VIETNAM INDUSTRIAL INVESTMENTS LIMITED

2 November 2004

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

Dear Sirs

### **REPORT ON OPERATIONS : THREE MONTHS ENDED 30 SEPTEMBER 2004**

#### **Operations**

The difficult trading conditions continue to challenge our operations in Vietnam. The level of building activity expected to increase in the second half of the year as building contracts are adjusted to take account of increased steel billet prices, has not increased at the level expected.

The fluctuation in the price of imported billets, which accounts for greater than 80% of total costs and current overcapacity in the industry, have impacted upon the Group results.

As wire rod prices have remained low, SSESTEEL has suspended production in order to concentrate fully on installing the cooling bed to produce rebar. Commissioning is planned to commence in December 2004 and this project will enable SSESTEEL, and the Group, to generate improved operating results in 2005. The losses in 2004, however, will be greater than anticipated and the Group expects to report an operating loss for 2004.

Following is a summary of the Company's operations for the nine months to September 2004:

#### **Austnam Company Ltd (VII 68%)**

Austnam achieved sales of 218,252 square metres for the quarter which was 10% lower than the corresponding period last year (242,505 m<sup>2</sup>). Sales for the year to date were 496,472 square metres, a decrease of 26% on sales for the corresponding period of 2003 (668,001 m<sup>2</sup>).

	<b>9 months ended 30 September 2004</b>	<b>9 months ended 30 September 2003</b>
Sales Volume	496,472m <sup>2</sup>	668,001m <sup>2</sup>
Sales Value (A\$)	3.5m	4.8m

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

SSESTEEL produced 9,167 tonnes of wire rod in the quarter and achieved sales of 8,199 tonnes, which was 54% lower than the corresponding period last year (17,906 tonnes). Sales for the year to date were 30,963 tonnes, down 52% on the nine month period of 2003 (64,530 tonnes).

	<b>9 months ended 30 September 2004</b>	<b>9 months ended 30 September 2003</b>
Sales Tonnes	<b>30,963t</b>	64,530t
Sales Value (A\$)	<b>19.2m</b>	38.3m

### **Vinausteel Limited (VII 70%)**

Vinausteel produced 50,933 tonnes of bar in the quarter and achieved sales of 35,975 tonnes which was 23% lower than the corresponding period last year (46,879 tonnes). Sales for the year to date were 103,669 tonnes, a decrease of 25% on sales of the nine month period of 2003 (138,328 tonnes).

	<b>9 months ended 30 September 2004</b>	<b>9 months ended 30 September 2003</b>
Sales Tonnes	<b>103,669t</b>	138,328t
Sales Value (A\$)	<b>70.2m</b>	76.1m

### **VRC Weldmesh (Vietnam) Ltd (VII 100%)**

Sales volume for the quarter was 1,864 tonnes, representing a large increase on the corresponding period last year (477 tonnes). Sales for the half year were 4,142 tonnes, significantly up on the nine month period of 2003 (1,359 tonnes).

	<b>9 months ended 30 September 2004</b>	<b>9 months ended 30 September 2003</b>
Sales Tonnes	<b>4,142t</b>	1,359t
Sales Value (A\$)	<b>3.4m</b>	0.9m

### **Total Building Systems Ltd (VII 100%)**

TBS has now set up to commence operations and has already won its first significant turn-key project which should be completed in the first quarter of 2005. The company is engaged in bids for other projects.

Yours faithfully

MARK CLEMENTS  
Company Secretary