

STEEL & TUBE

ANNUAL REPORT 2004



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HIGHLIGHTS

 | 2004

50TH ANNIVERSARY

50 years in business since incorporation in December 1953

RECORD PROFIT

- 32% increase in after tax profit to \$28 million
- 34% increase in return on shareholders' funds

INCREASED SHAREHOLDER RETURNS

- earnings per share increased by 32% to 32.3 cents
- dividends per share increased by 61% to 37 cents, inclusive of 10 cents special dividend

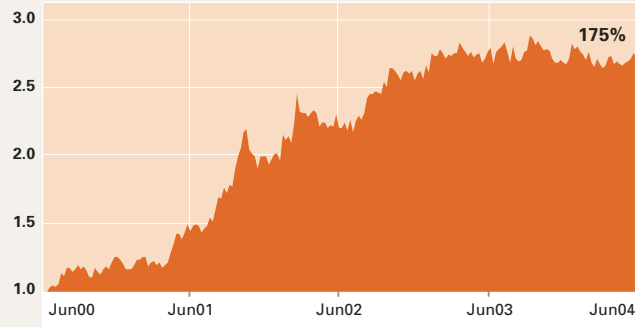
HURRICANE INTEGRATION

successful integration benefits group profitability

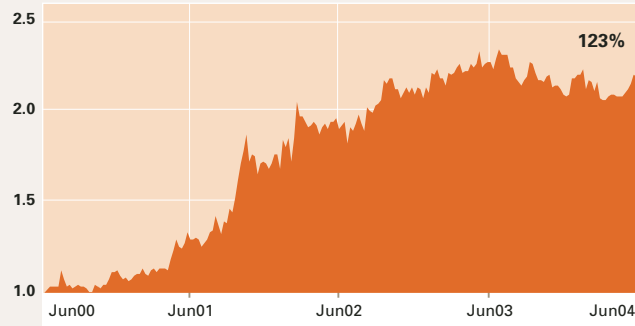
SAFETY PERFORMANCE

world-class safety record maintained

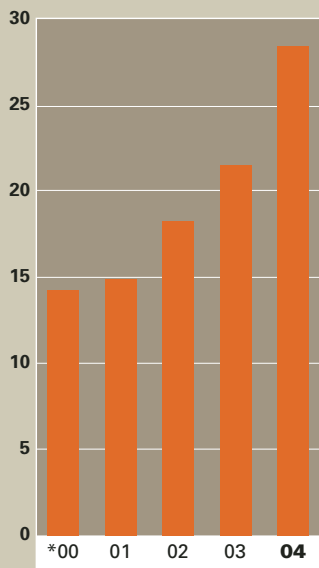
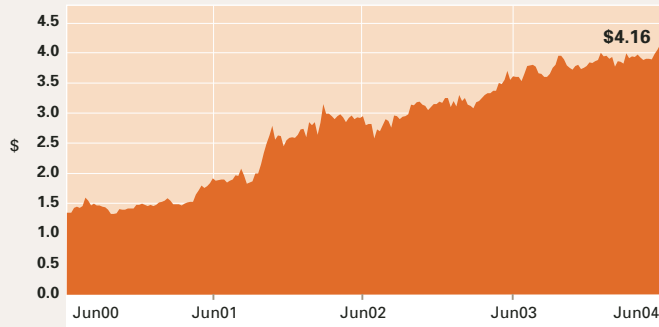
→ **STEEL & TUBE (GROSS) VS NZSX 50 INDEX**
Relative Performance



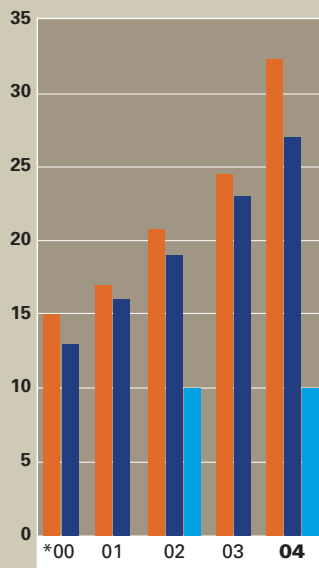
→ **STEEL & TUBE VS NZSX SMALL CAP INDEX**
Relative Performance



→ **STEEL & TUBE SHARE PRICE**

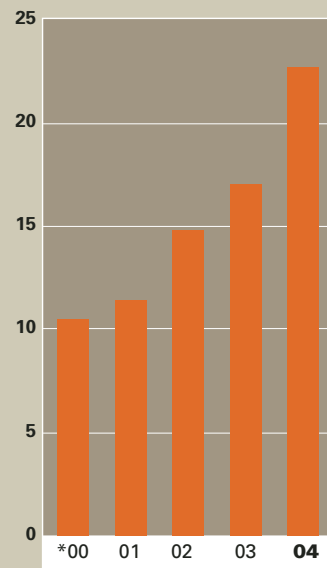


PROFIT AFTER TAX \$M
*13 months



DIVIDENDS AND EARNINGS PER SHARE (CENTS)
*annualised

■ EPS ■ DPS ■ Special dividend



RETURN ON EQUITY %
*annualised

STEEL & TUBE HOLDINGS LIMITED

BOARD OF DIRECTORS



RECALL INFORMATION CENTRE



Steel and Tube Distribution supplied the structural steel and purlins to Auckland Steel 2000 Limited for the construction of the 26-metre high Recall Information Centre at The Gate, Penrose, Auckland. The main contractor for this project is Haydn and Rollett Construction Limited.





Bob Every | Chairman and Non-Independent Director Dr Every was appointed Chairman of the Board on 18 October 1996. He was appointed to the Board from Tubemakers of Australia Limited as an Executive Director in 1988 and was Chief Executive Officer of Steel & Tube Holdings Limited from 1 August 1989 until 30 June 1991. He was appointed Managing Director of Tubemakers of Australia Limited on 1 January 1996, Group General Manager and Chief Executive Officer of BHP Steel Products in 1997 and President of BHP Steel in January 1999. Dr Every is currently Managing Director and Chief Executive Officer of OneSteel Limited, and is a member of the Business Council of Australia and a Director of CARE Australia and Chairman of the CARE Australia Corporate Council. He is a non-executive Director of Iluka Resources Limited and a Director of the International Iron and Steel Institute.



Nick Calavrias | CEO and Non-Independent Director In September 1990 Mr Calavrias was appointed Executive Director following the acquisition of the Acorn Pacific Corporation Group of which he was Managing Director. He was appointed Chief Executive Officer of the Group from 1 July 1991 and is a Director of all subsidiary companies of Steel & Tube Holdings Limited. Mr Calavrias is a member of the Institute of Directors, the New Zealand Business Roundtable and a Fellow of the New Zealand Institute of Management. In 2004 he represented New Zealand as a delegate at the Australian – New Zealand Leaders Forum.



Barry Dineen | Independent Director Mr Dineen was appointed a Director in 1994. He was formerly Chairman and Managing Director of the Shell Companies in New Zealand. He is currently a Director of the Todd Corporation Limited, Rangatira Limited, Tecpak Industries Limited and Heller Tasty Limited. He is Chairman of the New Zealand Business & Parliament Trust and Past President of the Institute of Directors in New Zealand.



Rob Freeman | Non-Independent Director Appointed a Director on 17 August 2001, Mr Freeman is Executive General Manager Distribution, OneSteel Limited. He joined OneSteel in April 2001 after two years as Chief Financial Officer of Email Limited. Prior to that Mr Freeman was General Manager – Commercial with CSR Limited.



Ian Lindsay | Independent Director Appointed a Director on 15 February 2001, Mr Lindsay was formerly Director of Finance Asia Pacific for the BOC Group plc. Prior to this he had been Chairman and Managing Director of BOC Gases New Zealand Limited. He is currently a Director of Liquigas Limited.



Tony Reeves | Non-Independent Director Appointed a Director in November 2001, Mr Reeves is Chief Financial Officer of OneSteel Limited. He was formerly Chief Financial Officer of Orica's worldwide explosives business and prior to that Director of Finance and Information Technology for ICI's international polyester business.



Tony Candy | Company Secretary Mr Candy was appointed Company Secretary and Chief Financial Officer in February 1992. He joined the Company as Financial Controller of the Merchandising Division in 1988 and is a Director of all subsidiary companies of Steel & Tube Holdings Limited.

→ **MARAETAI HOUSE** | Steel & Tube Roofing's new *EuroLine* profile was selected for this exclusive residential property at Maraetai in Auckland and installed by Cowperthwaite Limited.



STEEL & TUBE HOLDINGS LIMITED

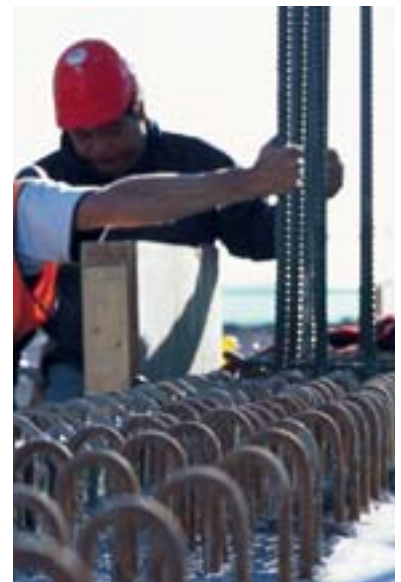
DIRECTORS' REPORT



MANSON DEVELOPMENTS



→ Steel & Tube Reinforcing supplied over 1,200 tonnes of fabricated reinforcing steel, and 35,000 square metres of reinforcing mesh manufactured by Hurricane Wire Products, to the Manson Developments 30-storey commercial building at the former Northern Roller Mills site in Auckland, which is due for completion in May 2005.



The Directors present the Annual Report and the Financial Statements of the Company and its subsidiaries for the year ended 30 June 2004.

- **Results** The financial result for the year was an after tax profit of \$28.46 million. This compares favourably with the \$21.52 million recorded in the previous year.
- **Dividends** Directors have declared a dividend of 15 cents per share payable on 10 September 2004 to holders of fully paid ordinary shares registered at 3 September 2004. The amount payable is \$13.2 million. This dividend carries full imputation credits and makes a total distribution for the year of 37 cents per share inclusive of a special dividend of 10 cents per share. This compares favourably to the previous year's total distribution of 23 cents per share resulting in an increase of 61%.
- **Financial position** Shareholders' equity of \$125.2 million compares to \$126.6 million the previous year. During the year borrowings increased by \$5.5 million to \$32.7 million. The gearing ratio (debt:debt plus shareholders' equity) is 0.21:1. The Company continues to be in a very strong financial position.
- **Share capital** In November 2003 the Chief Executive Officer Nick Calavrias paid \$210,800 in full payment for 120,000 shares that were previously issued under the Senior Executives' Share Scheme and paid to one cent. At the same time Tony Candy, the Company Secretary, paid \$40,200 for 30,000 shares from the same scheme. Refer to note 3 for further details.
- During the year a new long-term incentive share plan for executives was introduced with shares purchased on-market and vesting subject to a performance hurdle. No Director, including the Chief Executive Officer, participated in the issue under this plan. Refer to note 15 for further details.
- A further offer under the existing Employee Share Purchase Scheme was made during the year with shares being purchased on-market. Refer to note 15 for further details.
- **Auditors** In accordance with section 200 of the Companies Act 1993, the auditors, PricewaterhouseCoopers, continue in office.
- **Directors** In accordance with the Company's constitution, Bob Every and Barry Dineen will retire by rotation and, being eligible, offer themselves for re-election.
- **Personnel** The Directors wish to acknowledge the contribution made by all staff to what has been a successful year for the Company. The achievement of the objectives set for the Company at the beginning of the year is something of which all staff can be proud.



Bob Every
Chairman



Nick Calavrias
Chief Executive Officer

16 August 2004

STEEL & TUBE HOLDINGS LIMITED

REVIEW OF OPERATIONS



DISTRIBUTION AND PROCESSING OPERATION



→ One of eight magnetic crane systems operating at Steel & Tube Distribution's 15,800 square metres purpose-built distribution facility in Stonedon Drive, Auckland.

Company celebrates 50th year with a record profit result.



Net profit after tax of \$28.46 million is a record for the company and an improvement of 32% or \$6.94 million when compared with the previous year's result.

Earnings per share at 32.3 cents for the year also increased by 32%. Dividends paid however increased by 61% to 37 cents inclusive of a 10 cent special dividend declared in October 2003.

The Company earned a very creditable return of 22.7% after tax on shareholders' funds.

MARKET CONDITIONS

Economic growth at around 5% for the year ending 30 June 2004 considerably exceeded the expectations of most economists who were predicting about 3.5% and below the previous year's growth of 4.1%. Low unemployment, strong growth in consumer spending and record demand for new residential properties all contributed to this growth as did a recovery in earnings from the rural sector. The commercial construction sector started the year slowly, however, by year end demand had reached record levels.



Nick Calavrias

Chief Executive Officer and Executive General Manager Steel Distribution & Processing



Tony Candy

Company Secretary and Chief Financial Officer



OPERATIONS



Steel Distribution and Processing The demand for the company's goods and services remained relatively steady compared with last year on a national basis. There was, however, a weakening in some parts of the country but this was offset by growth in the Auckland region.

Although the volume of steel sold increased slightly compared with last year, total sales revenue was adversely affected in the first half as the average selling price of steel products reduced. This was due to the New Zealand currency appreciating faster than the increases in steel prices which are traded on the world markets in US dollars.

In the second half of the year however, this trend reversed as prices for replacement stock increased substantially. The catalyst for this was strong growth in world demand for steel products led by China.



Jon Gousmett

General Manager Northern Region, Steel Distribution & Processing



Terry Carter

General Manager, Central & Southern Region, Steel Distribution & Processing





← Steel & Tube Distribution's cut-to-length line at the Northern Coil Processing operations in Auckland.

→ Hurricane Wire Products is NZ's largest integrated producer of wire products, with a strong presence and a diverse product range in the building and rural sectors.



→ **Steel Distribution and Processing continued**

This sudden increase in demand, coupled with substantial increases for scrap steel and other input costs, resulted in prices for reinforcing steel and structural sections increasing by about 50% in the space of a few months. This does, however, need to be put into perspective as in many cases it reflects the price levels prevalent in 1996.

Energy and infrastructure projects assisted the Piping Systems operations to increase earnings compared with last year, while our Fastening Systems business, which is more reliant on the manufacturing sector, ended the year with similar results to the previous period.

Due to a lift in volume and margins in the second half of the year, earnings improved substantially when compared with the previous year.



Jim Peterson
General Manager
Fastening Systems



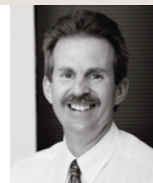
Graham Purvis
General Manager
Piping Systems



→ **Roofing Operations** Increased sales for roofing, cladding and rainwater products, brought about by record demand for new housing and a buoyant re-roof market, continued to benefit the roofing operations. In addition to this, increased requirements for products from the construction sector to build light commercial structures, factories and farm buildings helped this division to post improved results.



Mark Winnard
General Manager
Roofing Products



→ **Reinforcing and Fabrication** A buoyant construction sector, led by a growing demand from infrastructure spending and a favourable mix of large contracts spread throughout the country, assisted the reinforcing and fabrication operations to post substantially improved results.



Roger O'Neill
General Manager
Reinforcing & Fabrication



→ **Hurricane Wire Products** Strong demand from the construction and rural sectors for its core products of farm fencing systems, nails and reinforcing mesh in conjunction with synergy benefits from other members of the Group enabled Hurricane Wire Products to post improved results. This year's contribution to the Group results was for a 12-month period compared with 3 months last year.



Stuart Spittle
General Manager
Hurricane Wire Products





→ Steel & Tube Distribution and Roofing operations supplied all the steel sections and Zinalume cladding for Oceania Aviation's new office, workshop and crane at Ardmore, Auckland. George Grant Engineering Limited fabricated the building, Moncur Engineering the crane, and Roofco Limited installed the cladding.



OCEANIA AVIATION



→ **Health and Safety** The strong focus on making the work place safer and reducing the number of work related injuries has enabled the Company to achieve and maintain world-class results these past few years. This commitment is shared with our employees who participate in training, identification of hazards, auditing and the development of safe work procedures.

→ **Outlook** The New Zealand economy has out-performed most other OECD countries these past few years and is continuing to exceed consensus economic forecasts. Although the reduction in migrant growth is expected to slow consumer spending and the demand for new housing, commercial construction and infrastructure is gaining momentum. The rural sector is also expected to benefit from the increase in world commodity prices.

Taking the above into consideration and with the assistance of a growing world economy, our expectation is for a similar result next year, but with some upside.

→ ORAMS MARINE



→ Orams Marine's Mega Boat Park facility in Auckland. Steel for the 20-metre high x 144-metre long steel-framed structure was supplied by Steel & Tube Distribution and fabricated by Grayson Engineering Limited. The building is clad in Steel & Tube Roofing's ST900 profile and installed by Roofco Limited.





ERICSSON STADIUM

- Steel & Tube Reinforcing are supplying over 400 tonnes of fabricated reinforcing steel for the new East Stand at Ericsson Stadium currently under construction by Mainzeal Property & Construction Limited, which is due for completion in December 2004.



GOVERNANCE STATEMENT

The Board is responsible to shareholders for the proper direction and control of the Group's activities. Directors are elected by shareholders to provide leadership and strategic insight that will enhance value to the Group and enable it to grow.

Directors establish the objectives and the policy and control framework through which the Group's activities are conducted, and monitor the performance of management with respect to these matters. In practice the Board manages its role through defined delegation to the Chief Executive Officer who is charged with the day-to-day leadership and management of the business.

The Group's corporate governance policies and processes are regularly reviewed with the board and committee charters last revised in February 2004. These policies and processes do not materially differ from the New Zealand Exchange listing rule on corporate governance and the governance principles and guidelines of the New Zealand Securities Commission.

→ **Structure and activities** The Board comprises five non-executive Directors and the Chief Executive Officer. Two of the five non-executive Directors are independent Directors, namely, Barry Dineen and Ian Lindsay. The policies and guidelines for the operation of the Board are documented in the Company's constitution and the Board operates in accordance with the broad principles set out in its charter.

Directors schedule nine meetings each year at various company locations to enable them to interact with management, staff and customers. Directors also meet as and when required on specific matters that arise. Presentations from general managers to the board are also scheduled for these meetings.

Shareholders approve Directors' fees at annual meetings with the fees payable only to non-executive Directors. The Board is subject to a performance appraisal through the application of a corporate governance best practice model in conjunction with an external facilitator. Appropriate strategies and action plans for improvement are agreed following a review of the facilitator's recommendations.

→ **Committees** There are four standing committees within the Board to assist Directors in the execution of their responsibilities and to allow detailed consideration of complex issues. They are audit, governance and remuneration, nominations, and occupational health, safety and environment with all committee members comprised solely of non-executive directors.

There is a charter for each committee setting out the composition of members and the terms of reference. The table below outlines the membership of these committees.

Non-executive Directors	Audit	Governance & remuneration	Nominations	Occupational health, safety & environment
Bob Every		•	•	
Barry Dineen	•	•	•	
Rob Freeman				•
Ian Lindsay	•	•	•	•
Tony Reeves	•			



Audit committee The audit committee meets four times a year and its responsibilities are:

- the oversight of all matters relating to the financial accounting and reporting of the company;
- the establishment and oversight of the risk management and control framework including the internal audit and control processes; and
- the appointment and monitoring of the performance and independence of the external and internal auditors.

Governance and remuneration committee The main duties of the governance and remuneration committee are to review the governance policies and processes adopted, the remuneration of non-executive Directors, the remuneration packages of the Chief Executive Officer and senior executives, and the provision of advice to the Board on incentive performance packages and succession planning.

Nominations committee The nominations committee is responsible for the review of the Board composition to ensure an appropriate mix of expertise and experience, and the selection of suitable candidates where a vacancy exists. The establishment of a programme to monitor the performance of Directors is also with this committee.

Occupational health, safety and environment committee The responsibilities of the members of the occupational health, safety and environment committee, which meets three times annually, are to review the adequacy of management systems and processes relating to compliance with statutory regulations and best practice codes, and other significant issues with respect to health, safety and the environment.

→ **Risk management and legal compliance** The Group is committed to identifying, monitoring and managing the risks associated with its business activities. Defined policies and procedures are in place to effectively manage legal compliance and other business risks and exposures. The Board reviews the policies and procedures and, where appropriate, advice will be obtained from external sources. The Group has programmes in place to assist managers and employees to achieve and maintain compliance.

→ **Shareholder relations** Shareholders are responsible for voting on the appointment of Directors. The Board aims to ensure that shareholders are properly informed of all major developments affecting the business activities of the Group. Information is communicated in interim and annual reports, notices and announcements to the New Zealand Exchange, and at annual meetings. The Company has a website www.steelandtube.co.nz where announcements, notices and financial reports are posted.

STEEL & TUBE HOLDINGS LIMITED

STATUTORY INFORMATION

→ Steel products for the construction of the award winning Craggy Range Winery were supplied by Steel & Tube Distribution and Roofing operations. Construction and installation was undertaken by Woolaway Steel, (now Redsteel Limited) and Martin Roofing Limited.



→ **Indemnification and insurance of directors and officers** The Company's constitution provides for the Company or any related Company in the Group to indemnify every Director and Officer out of the assets of the Group to the maximum extent permitted at law. The Group has taken out Directors' and Officers' Liability Insurance Cover which ensures that the individuals concerned will incur no monetary loss as a result of actions taken by them in good faith in performing their normal duties.

→ **Interested transactions** All transactions conducted by the Group with OneSteel Limited are related party transactions with details given in note 19 of the financial statements.

Details of matters that have been entered in the interests register by individual Directors are outlined in the Director profiles and the accompanying sections below. Where a Director has declared an interest in a particular entity, the declaration serves as notice that the Director may benefit from any transactions between the Parent or Group and the identified entities.

→ **Remuneration of directors** Total remuneration and benefits received, or due and receivable, for the year ended 30 June 2004 were:

	\$000
R L Every	76
N Calavrias	819
B M J Dineen	38
R W Freeman	38
I K Lindsay	38
A J Reeves	38

→ **Use of company information** There were no notices from Directors requesting to use Company information received in their capacity as Directors, which would not otherwise have been available to them.

The company earned a very creditable return of 22.7% after tax on shareholders' funds.

→ **Steel & Tube Distribution** supplied over 250 tonnes of boiler plate for pressure vessels, fabricated by Fitzroy Engineering Limited, New Plymouth, for a new alumina processing plant in Queensland, Australia.



→ **Remuneration of employees** Total remuneration and benefits received, or due and receivable, for the year ended 30 June 2004 were within the following bands:

Remuneration Range \$000	Number of Employees
100 - 110	9
110 - 120	6
120 - 130	5
130 - 140	2
140 - 150	1
150 - 160	4
160 - 170	1
210 - 220	1
220 - 230	2
230 - 240	1
240 - 250	1
320 - 330	1

→ **Directors' shareholdings**

	At 30 June 2004			At 30 June 2003		
	Beneficial	Non-Beneficial	Associated Person	Beneficial	Non-Beneficial	Associated Person
N Calavrias	440,000 ⁽¹⁾	154,400 ⁽²⁾	525,000	440,000 ⁽¹⁾	112,200 ⁽²⁾	525,000
B M J Dineen	40,000	154,400 ⁽²⁾	-	40,000	112,200 ⁽²⁾	-
R L Every	6,000	-	44,504,814 ⁽³⁾	6,000	-	44,504,814 ⁽³⁾
R W Freeman	2,000	-	44,504,814 ⁽³⁾	2,000	-	44,504,814 ⁽³⁾
I K Lindsay	20,000	-	-	20,000	-	-
A J Reeves	4,000 ⁽⁴⁾	-	44,504,814 ⁽³⁾	2,000	-	44,504,814 ⁽³⁾

(1) Comprise 250,000 fully paid shares and 190,000 shares paid to 1 cent held under the Senior Executives' Share Scheme. The partly paid shares do not have dividend or voting entitlements until fully paid.

(2) Shares held as Trustees of the Employee Share Purchase Scheme.

(3) Messrs Every, Freeman and Reeves are associated persons of OneSteel Limited by virtue of their positions as Directors or employees of certain of its related companies.

(4) On 15 March 2004 AJ Reeves purchased 2,000 shares for a consideration of \$7,600.

SHAREHOLDER INFORMATION

AT 18 AUGUST 2004

→ Census of shareholders

Size of Holdings	Number of Holders	Number of Shares	Percentage of Issued Shares
1 to 999	2,052	840,925	0.95
1,000 to 4,999	3,896	8,890,213	10.04
5,000 to 9,999	1,211	7,618,263	8.61
10,000 to 49,999	936	15,441,997	17.44
50,000 +	68	55,737,842	62.96
	8,163	88,529,240	100.00

→ Top twenty shareholders

Tubemakers of New Zealand Limited	44,504,814	50.27
Accident Compensation Corporation*	2,566,132	2.90
Citibank Nominees (New Zealand) Limited*	599,724	0.68
Nicholas Calavrias & Mariana Calavrias & Leonidas Angelo Gambitsis	525,000	0.59
The Trustees Executors and Agency Company of New Zealand*	509,371	0.58
Forbar Custodians Limited	397,760	0.45
NZ Superannuation Fund Nominees Limited*	359,104	0.41
Forbar Custodians Limited	290,439	0.33
Guardian Trust Investment Nominees (RWT) Limited*	284,587	0.32
Nicholas Calavrias	250,000	0.28
Leszek Andrzej Plenzler	212,000	0.24
Douglas Richard Leyser & Robyn Jan Leyser	170,000	0.19
Regent Holdings Limited	162,000	0.18
TEA Custodians Limited - NZ Mid Cap Index Fund*	158,088	0.18
Barry Michael Joseph Dineen & Nicholas Calavrias & Anthony Charles Candy^	154,400	0.17
National Nominees New Zealand Limited*	150,434	0.17
Custodial Services Limited	142,386	0.16
Asset Custodian Nominees Limited	141,382	0.16
James Michael Hannan & Helen Anne Hannan & Neville Gordon Low	140,000	0.16
ANZ Nominees Limited*	127,000	0.14
	51,844,621	58.56

* Shares held in New Zealand Central Securities Depository (NZCSD)

^ Trustees of the company's employee share purchase scheme

→ Substantial security holder

In accordance with section 26 of the Securities Amendment Act 1988, the following shareholder is a substantial security holder of the voting securities in the company at 18 August 2004.

Tubemakers of New Zealand Limited 44,504,814 shares

The total number of issued shares in the company comprise:

Ordinary shares fully paid	88,018,240
Senior executives' shares paid to 1 cent (no voting rights)	511,000
	<u>88,529,240</u>



FINANCIAL
STATEMENTS 2004
STEEL & TUBE HOLDINGS AND SUBSIDIARIES

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STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Group		Parent	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
Sales		387,787	327,957	387,787	327,957
Earnings before interest and tax	1	45,777	34,284	45,767	34,135
Interest income		101	116	101	116
Interest expense		(1,902)	(955)	(1,902)	(955)
Profit before tax		43,976	33,445	43,966	33,296
Tax expense	2	(15,514)	(11,923)	(15,506)	(11,906)
Profit after tax		28,462	21,522	28,460	21,390

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2004

	Notes	Group		Parent	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
Net profit for the year		28,462	21,522	28,460	21,390
Assets revaluation reserve movement	6	-	-	-	149
Total recognised revenue and expenses		28,462	21,522	28,460	21,539
Movements in share capital	3	251	(4)	251	(4)
Employee share scheme on consolidation		25	-	-	-
Treasury stock movements	4	(220)	-	-	-
Dividends paid to shareholders	5	(29,883)	(18,453)	(29,893)	(18,453)
Movements during the year		(1,365)	3,065	(1,182)	3,082
Equity at beginning of year		126,597	123,532	126,644	123,562
Equity at end of year		125,232	126,597	125,462	126,644

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2004

	Notes	Group		Parent	
		2004 \$000	2003 \$000	2004 \$000	2003 \$000
Equity					
Paid up share capital	3	69,884	69,633	69,884	69,633
Treasury stock	4	(220)	-	-	-
Asset revaluation reserve	6	-	-	-	9,277
Retained earnings		55,568	56,964	55,578	47,734
		<u>125,232</u>	<u>126,597</u>	<u>125,462</u>	<u>126,644</u>
Non-current liabilities					
	7	5,000	10,000	5,000	29,977
Current liabilities					
Borrowings	8	27,743	17,242	27,798	17,242
Payables and accruals	9	35,347	30,923	35,347	30,923
		<u>63,090</u>	<u>48,165</u>	<u>63,145</u>	<u>48,165</u>
		193,322	184,762	193,607	204,786
Non-current assets					
Property, plant and equipment	10	40,515	41,162	40,137	40,784
Future income tax benefit	11	3,636	3,323	3,636	3,315
Goodwill	12	19,556	22,326	19,556	22,326
Investments	13	-	-	927	20,410
		<u>63,707</u>	<u>66,811</u>	<u>64,256</u>	<u>86,835</u>
Current assets					
Inventories		57,273	54,935	57,273	54,935
Receivables and prepayments	14	72,342	63,016	72,078	63,016
		<u>129,615</u>	<u>117,951</u>	<u>129,351</u>	<u>117,951</u>
		193,322	184,762	193,607	204,786

These financial statements and the accompanying notes were authorised by the Board on 16 August 2004.

For the Board



BOB EVERY
CHAIRMAN



NICK CALAVRIAS
CHIEF EXECUTIVE OFFICER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2004

Notes	Group		Parent	
	2004	2003	2004	2003
	\$000	\$000	\$000	\$000
Net cash flows from/(used in) operating activities				
Receipts from customers	379,117	329,069	379,117	329,069
Interest received	101	116	101	116
Payments to suppliers and employees	(332,393)	(290,112)	(332,139)	(290,112)
Income tax paid	(15,667)	(11,185)	(15,667)	(11,185)
Interest paid	(1,902)	(955)	(1,902)	(955)
	29,256	26,933	29,510	26,933
Net cash flows from/(used in) investing activities				
Sale of fixed assets	377	799	377	799
Proceeds from disposal of subsidiary	-	149	-	-
Return of capital from subsidiary	-	-	19,977	-
Advances from subsidiaries	-	-	(20,471)	149
Employee share scheme	25	-	-	-
Purchase of treasury stock	(220)	-	-	-
Purchase of business assets	-	(24,779)	-	(24,779)
Purchase of fixed assets	(5,307)	(5,261)	(5,307)	(5,261)
	(5,125)	(29,092)	(5,424)	(29,092)
Net cash flows from/(used in) financing activities				
Borrowings	-	10,000	-	10,000
Share capital paid up	251	11	251	11
Repurchase and cancellation of shares	-	(15)	-	(15)
Dividends paid to majority shareholder	(15,142)	(9,347)	(15,142)	(9,347)
Dividends paid to other shareholders	(14,741)	(9,106)	(14,751)	(9,106)
	(29,632)	(8,457)	(29,642)	(8,457)
Net decrease in cash balances	(5,501)	(10,616)	(5,556)	(10,616)
Cash at beginning of year	(17,242)	(6,626)	(17,242)	(6,626)
Cash at end of year comprises overdraft/call borrowings	(22,743)	(17,242)	(22,798)	(17,242)
Reconciliation of profit after tax to net cash inflows from operating activities				
Profit after tax	28,462	21,522	28,460	21,390
Items classified as investing/financing activities:				
(Gain)/loss on sale of fixed assets	(58)	32	(58)	32
Gain on disposal of subsidiary	-	(149)	-	-
	(58)	(117)	(58)	32
Non-cash items:				
Depreciation	5,635	5,250	5,635	5,250
Amortisation of goodwill	2,770	1,755	2,770	1,755
Future income tax benefit	(313)	829	(321)	813
	8,092	7,834	8,084	7,818
Movements in working capital items:				
Provision for tax	161	(91)	161	(92)
Receivables and prepayments	(9,487)	1,467	(9,223)	1,273
Payables and accruals	4,424	(2,749)	4,424	(2,555)
Inventories	(2,338)	(933)	(2,338)	(933)
	(7,240)	(2,306)	(6,976)	(2,307)
Net cash inflows from operating activities	29,256	26,933	29,510	26,933

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2004

Reporting entities

Steel & Tube Holdings Limited is registered under the Companies Act 1993 and an issuer on the New Zealand Stock Exchange for the purposes of the Financial Reporting Act 1993. The Group comprises Steel & Tube Holdings Limited and its subsidiaries.

The financial statements of the parent company and the group have been prepared in accordance with the Financial Reporting Act 1993 and the Companies Act 1993.

Measurement base

The financial statements have been prepared on the historical cost method, modified by the revaluation of land and buildings.

Accounting policies

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

(a) Basis of consolidation

The consolidated financial statements are prepared from the financial statements of the parent and its subsidiaries using the purchase method. All significant intercompany transactions are eliminated on consolidation. Treasury stock accounting has been adopted in the consolidation of in-substance subsidiaries that hold shares in the company. The value of company shares held is deducted from share capital with dividends received deducted from dividends paid by the company.

(b) Goodwill

The excess of cost over the fair value of the net assets acquired is capitalised as goodwill and amortised to the Statement of Financial Performance over a period of 10 years.

(c) Property, plant and equipment

The cost of purchasing property, plant and equipment is the value of the consideration given to acquire the assets plus the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use.

Land and buildings were revalued to 90% of market value in 1991 with subsequent property purchases carried at cost.

(d) Depreciation

Depreciation on property, plant and equipment is charged on a straight line basis to allocate the cost or valuation over their estimated useful life. Land and capital work in progress are not depreciated. The estimated useful lives are as follows:

Buildings	average 50 years
Leasehold improvements	3 to 10 years
Plant and machinery	3 to 10 years
Motor vehicles	4 to 8 years
Equipment, furniture and fittings	2 to 10 years

(e) Investments

Investments in subsidiaries are revalued to reflect the parent company's share of the net underlying assets.

(f) Inventories

Stock is valued at the lower of cost and net realisable value. Cost is established principally on the average cost method which approximates actual cost determined on a first in first out basis. Processed stock and work in progress are valued at direct costs of labour, materials and overheads. Full provision is made for all defective, obsolete and slow-moving stock.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**FOR THE YEAR ENDED 30 JUNE 2004****(g) Debtors**

Debtors are recorded at the estimated realisable value after providing for doubtful debts.

(h) Taxation

The liability method of accounting for deferred tax is used. Tax charged against the profit for the period is the estimated total liability in respect of that profit, calculated at the present rate of company tax, after allowance for permanent differences. Timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. This is the comprehensive basis for the calculation of deferred tax.

Future income tax benefits from timing differences or losses carried forward are recognised in the financial statements only where there is virtual certainty that the tax benefits or losses are able to be utilised by the group.

(i) Lease commitments

Operating lease commitments are charged as expenses in the periods in which they are incurred.

(j) Foreign currencies

Transactions covered by forward foreign currency contracts are translated at the exchange rate specified in those contracts. Other foreign currency transactions are translated at the exchange rates at the dates of the transactions. Foreign currency monetary assets and liabilities at balance date are translated at the balance date exchange rate. Gains and losses from foreign currency transactions are included in the Statement of Financial Performance.

(k) Financial instruments**Recognised**

Financial instruments carried on the Statement of Financial Position include cash and cash balances, investments, receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Unrecognised

Forward foreign currency contracts designated as hedges of foreign exchange assets and liabilities are valued at exchange rates prevailing at balance date. Unrealised gains or losses are offset against the foreign exchange gains and losses on the related asset or liability.

(l) Goods and services tax (GST)

The Statement of Financial Performance and Statement of Cash Flows are reported exclusive of GST. All items in the Statement of Financial Position are stated net of GST except for receivables and payables which are GST inclusive.

(m) Statement of cash flows

The following are the definitions of the terms used in the Statement of Cash Flows:

- (i) Cash is considered to be cash on hand, call deposits, call borrowings, current accounts in banks and bank overdrafts.
- (ii) Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments include securities not falling within the definition of cash.
- (iii) Financing activities are those activities which result in changes in the size and composition of the group's capital structure. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.
- (iv) Operating activities include all transactions that are not investing or financing activities.

Comparatives

Certain comparatives have been restated to correspond with the current year's presentation.

Changes in accounting policies

There have been no changes in accounting policies except for the consolidation of the employee share schemes. The unallocated company shares held in the schemes are now reported as treasury stock (refer notes 4 and 15). The schemes were previously reported as notes to the accounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
1. Earnings before interest and tax				
EBIT is stated after charging/(crediting):				
Depreciation				
- buildings	375	376	375	376
- leasehold improvements	169	140	169	140
- motor vehicles	831	785	831	785
- equipment, furniture & fittings	1,618	1,597	1,618	1,597
- plant & machinery	2,642	2,352	2,642	2,352
Depreciation on property, plant and equipment	5,635	5,250	5,635	5,250
Amortisation of goodwill	2,770	1,755	2,770	1,755
Auditors' remuneration - audit services	171	202	171	202
- other assurance services	74	187	74	187
Bad debts written off	229	514	229	514
Movement in doubtful debt provision	-	63	-	63
Directors' fees	228	204	228	204
Donations	6	6	6	6
(Gain)/loss on sale of property, plant and equipment	(58)	32	(58)	32
Rent and leasing costs	5,276	4,408	5,276	4,408

2. Tax expense

Profit before tax	43,976	33,445	43,966	33,296
Permanent differences	3,070	2,053	3,080	2,202
Taxable income	47,046	35,498	47,046	35,498
Tax at 33% (2003: 33%)	15,525	11,714	15,525	11,714
(Over)/under provided in prior year	(11)	209	(19)	192
Income tax expense	15,514	11,923	15,506	11,906
Represented by:				
Estimated current year tax assessment	15,827	11,094	15,827	11,093
Future income tax benefit	(313)	829	(321)	813
	15,514	11,923	15,506	11,906

Imputation credit account

	Group and Parent	
Balance at beginning of year	4,939	2,854
Tax payments	12,900	9,400
Credits attached to dividends paid	(11,856)	(7,315)
Balance at end of year	5,983	4,939

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Group and Parent			
	2004 \$000	2003 \$000	2004 Shares	2003 Shares
3. Paid up share capital				
Shares paid in full:				
Balance at beginning of year	69,626	69,630	87,868,240	87,865,066
Exercise of senior executives' share scheme	251	11	150,000	8,000
Transfer from shares paid to 1 cent	2	-	-	-
Shares repurchased and cancelled	-	(15)	-	(4,826)
Balance at end of year	69,879	69,626	88,018,240	87,868,240
Shares paid to 1 cent:				
Balance at beginning of year	7	7	661,000	669,000
Transfer to shares fully paid	(2)	-	(150,000)	(8,000)
Balance at end of year	5	7	511,000	661,000
Total issued and paid up capital	69,884	69,633	88,529,240	88,529,240

Ordinary shares rank equally with one vote attached to each share. Shares issued and paid to 1 cent in the Senior Executives' Share Scheme 1993 do not have dividend or voting entitlements until the shares are paid in full but qualify for bonus and cash issues.

	Group only			
	\$000	\$000	Shares	Shares
4. Treasury stock				
Shares unallocated	215	-	57,280	-
Shares forfeited by staff	5	-	1,850	-
Balance at end of year	220	-	59,130	-

Treasury stock comprises ordinary shares held by the trustees that are not allocated to staff in the employees share schemes (note 15). These schemes are in-substance subsidiaries and have been consolidated into the group this year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
5. Dividends paid				
2004 interim - 12 cents per share (2003: 11 cents)	10,562	9,666	10,562	9,666
2004 special dividend of 10 cents per share	8,787	-	8,787	-
2003 final - 12 cents per share (2002: 10 cents)	10,544	8,787	10,544	8,787
Less dividends received on treasury stock	(10)	-	-	-
	29,883	18,453	29,893	18,453

Dividends paid are fully imputed with the Group entitled to a tax credit for supplementary dividends paid to overseas shareholders of \$2.9 million (2003: \$1.8 million).

6. Asset revaluation reserve

Balance at beginning of year	-	-	9,277	9,128
Movements during the year	-	-	-	149
Release to retained earnings	-	-	(9,277)	-
Balance at end of year	-	-	-	9,277

7. Non-current liabilities

Bank term loan	5,000	10,000	5,000	10,000
Loans from subsidiaries	-	-	-	19,977
	5,000	10,000	5,000	29,977

The average interest rate on bank term loans is 6.2% (2003: 6.2%). Loans from subsidiaries are interest-free and repayable on demand.

8. Short-term borrowings

Bank overdraft/call borrowings	22,743	17,242	22,798	17,242
Bank term loan due within one year	5,000	-	5,000	-
	27,743	17,242	27,798	17,242

The average interest rate on borrowings during the year was 5.6% (2003: 6.0%). The banks' credit facilities can be drawn at any time subject to meeting the Group's Deed of Negative Pledge conditions. Interest rates on the facilities are variable.

9. Payables and accruals

Trade creditors	25,288	21,788	25,288	21,788
Accrued expenses	7,716	6,863	7,716	6,863
Employee entitlements	2,343	2,272	2,343	2,272
	35,347	30,923	35,347	30,923

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
10. Property, plant and equipment				
Freehold land				
- cost	2,795	2,795	2,795	2,795
- valuation	1,640	1,640	1,640	1,640
Leasehold land				
- valuation	162	162	81	81
	4,597	4,597	4,516	4,516
Buildings				
- cost	16,436	15,616	16,436	15,616
- accumulated depreciation on cost	(2,742)	(2,420)	(2,742)	(2,420)
- valuation	3,072	3,072	2,676	2,676
- accumulated depreciation on valuation	(798)	(745)	(699)	(646)
	15,968	15,523	15,671	15,226
Leasehold improvements				
- cost	1,389	1,330	1,389	1,330
- accumulated depreciation	(743)	(574)	(743)	(574)
	646	756	646	756
Plant and machinery				
- cost	33,961	32,109	33,961	32,109
- accumulated depreciation	(21,029)	(18,799)	(21,029)	(18,799)
	12,932	13,310	12,932	13,310
Vehicles				
- cost	4,786	4,658	4,786	4,658
- accumulated depreciation	(2,728)	(2,654)	(2,728)	(2,654)
	2,058	2,004	2,058	2,004
Equipment, furniture and fittings				
- cost	16,033	15,411	16,033	15,411
- accumulated depreciation	(12,554)	(11,598)	(12,554)	(11,598)
	3,479	3,813	3,479	3,813
Capital work in progress	835	1,159	835	1,159
Property, plant and equipment	40,515	41,162	40,137	40,784

Directors' valuation for the properties was at 31 March 1991 and they estimate that the fair values of the Group's properties are at least equal to their net book values at balance date.

11. Future income tax benefit

Balance at beginning of year	3,323	4,152	3,315	4,128
Tax expense transfer (note 2)	313	(829)	321	(813)
Balance at end of year	3,636	3,323	3,636	3,315

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

Group and Parent

2004	2003
\$000	\$000

12. Goodwill

Balance at beginning of year	42,908	29,858
Goodwill arising on acquisition	-	13,050
Less accumulated amortisation	(23,352)	(20,582)
Balance at end of year	19,556	22,326

Group

2004	2003
\$000	\$000

Parent

2004	2003
\$000	\$000

13. Investments

Shares in subsidiaries	-	-	-	19,977
Advances to subsidiaries	-	-	927	433
	-	-	927	20,410

Subsidiaries are all wholly owned, non-trading and incorporated in New Zealand with a balance date of 30 June. Advances to subsidiaries are interest-free and repayable on demand.

David Crozier Limited	Steel & Tube New Zealand Limited
EMCO Group Limited	Steel & Tube Reinforcing Limited
Fastening Supplies Limited	Steel & Tube Roofing Products Limited
Hurricane Wire Products Limited	Steel Warehouse Limited
NZMC Limited	Stewart Steel Limited
	Stube Industries Limited

14. Receivables and prepayments

Trade debtors	71,363	61,609	71,363	61,609
Tax (payable)/refund	(68)	93	(68)	93
Prepayments and other receivables	1,047	1,314	783	1,314
	72,342	63,016	72,078	63,016

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

15. Employee share schemes

(a) Employee Share Purchase Scheme 1983

This scheme is administered by a trust to provide financial assistance, to a maximum of \$2,340 per eligible employee in any three-year period, to enable staff to purchase company shares in accordance with section DF7 of the Income Tax Act 1994. Directors cannot participate in this scheme. The qualifying period between grant and vesting date is a minimum of three to a maximum of five years. Advances from the parent to the trustees to purchase shares are interest-free and repayable on demand. Shares repurchased by the trustees are at the lower of market and issue price and treated as treasury stock since the trust is an in-substance subsidiary. The board appoints the trustees who beneficially own the shares until they are vested in the employees. In April 2004 shares were purchased on-market at an average per share price of \$3.98 and allotted to staff at an issue price of \$3.48.

	Group only	
	2004 Shares	2003 Shares
Allotted to staff	112,200	112,200
On-market purchase and allotted	45,250	-
Vested with staff	(3,050)	-
Forfeited and repurchased by trustees	(1,850)	-
Held beneficially for employees	152,550	112,200
Treasury stock (note 4)	1,850	-
Total shares held by trustees	154,400	112,200

(b) Executive Share Plan 2003

This is a long-term incentive plan for senior management which provides for the grant of rights to shares and is administered by a trust. The shares are held by the trustee until vested in the participant. Vesting is subject to the company achieving a performance hurdle after a three-year qualifying period from grant date. The performance hurdle is the company's total shareholder return measured against the NZSX 50 gross index excluding Telecom.

The board appoints the trustee who owns the shares until they are vested. No directors participated in the plan during the year. Advances from the parent to the trustee to purchase shares are interest-free and repayable on demand. In November 2003 shares were purchased on-market at an average per share price of \$3.75 with part of this purchase expensed against income in the current year and the balance to be expensed over the qualifying period. These shares are treated as treasury stock since the trust is an in-substance subsidiary.

	Group only	
	2004 Shares	2003 Shares
Purchased on-market and unallocated (note 4)	57,280	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

16. Commitments

(a) Operating lease commitments

Amounts due on non-cancellable leases are as follows:

	Group		Parent	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
(i) Within 1 year	5,417	5,241	5,356	5,225
(ii) Within 1-2 years	4,985	4,984	4,925	4,923
(iii) Within 2-5 years	8,902	10,693	8,720	10,508
(iv) Beyond 5 years	3,993	4,135	3,968	4,048
	23,297	25,053	22,969	24,704

(b) Capital commitments

The Group has fixed assets purchase commitments of \$1.3 million (2003: \$1.4 million).

17. Segment reporting

The group operates in one industry in New Zealand and its activities comprise the distribution, fabrication and processing of steel products.

18. Financial instruments

(a) (i) Currency risk

The Group undertakes transactions denominated in foreign currencies from time to time and, resulting from these activities, exposures in foreign currency arise. It is the Group's policy to hedge these risks by using forward and spot foreign exchange contracts. The notional amount of the contracts at 30 June 2004 is \$4.8 million (2003: \$3.8 million).

(ii) Interest rate risk

The Group uses both short-term floating and long-term fixed rate borrowings to fund ongoing activities. The following tables identify the maturity periods of the borrowings and the effective interest rates.

	Effective interest rate	Current \$000	1-2 years \$000	2-5 years \$000	Total \$000
Group 2004					
Bank overdraft/call borrowings	6.1%	22,743	-	-	22,743
Bank term loans	6.2%	5,000	5,000	-	10,000
		27,743	5,000	-	32,743
Group 2003					
Bank overdraft/call borrowings	5.6%	17,242	-	-	17,242
Bank term loans	6.2%	-	5,000	5,000	10,000
		17,242	5,000	5,000	27,242

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004

(iii) Credit risk

In the normal course of its business the Group incurs credit risk from trade debtors and transactions with financial institutions. The Group has a credit policy to manage this exposure with limits set and monitored regularly. In some instances collateral is secured from trade debtors in the form of charges over their assets to mitigate the risk of loss in the event of default of their obligations. The Group has no significant concentrations of credit risk and does not require any collateral or security to support financial instruments held with financial institutions due to the quality of the institutions dealt with.

(b) Fair values

The fair values of financial instruments which differ from their carrying values are noted below.

	2004		2003	
	Carrying value \$000	Fair value \$000	Carrying value \$000	Fair value \$000
Group and parent				
Bank term loans	10,000	9,934	10,000	10,139
Foreign exchange contracts	-	8	-	(55)

The following methods and assumptions were used to estimate the fair values for each class of financial instrument:

Cash, receivables, payables, short-term borrowings and advances to subsidiaries.

The carrying values of these items are equivalent to their fair values and are excluded.

Unlisted investments

Fair value is estimated to be the net asset backing.

Term loans

Fair value is estimated on current market rates available to the Group for debt of similar maturities.

Foreign currency forward exchange contracts

Fair value is estimated on the quoted market prices for these instruments.

19. Related party transactions

Tubemakers of New Zealand Limited, controlled by OneSteel Limited of Australia, owns 50.3% (2003: 50.3%) of the company. Supplies from OneSteel accounted for 13.1% (2003: 13.5%) of total purchases and were transacted at commercial terms. At balance date \$3.7 million (2003: \$4.1 million) is owed to OneSteel and included in trade creditors.

20. Contingent liabilities

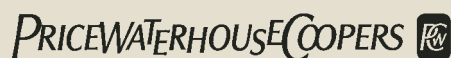
Guarantees under contracts and other contingent liabilities of the Group total \$1.2 million (2003: \$2.6 million) which have been transacted in the ordinary course of business.

21. Subsequent event

On 16 August 2004 the board declared a fully imputed dividend of 15 cents per share equating to \$13.2 million with a supplementary dividend of 2.65 cents per share payable to non-resident shareholders.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF STEEL & TUBE HOLDINGS LIMITED



We have audited the financial statements on pages 18 to 30. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2004 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 21 and 22.

Directors' Responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2004 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacities as auditors and taxation advisors.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 18 to 30:
 - (i) comply with generally accepted accounting practice in New Zealand; and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 30 June 2004 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 16 August 2004 and our unqualified opinion is expressed as at that date.

Chartered Accountants
Wellington

COMPARATIVE REVIEW

	2004 12 months \$000	2003 12 months \$000	2002 12 months \$000	2001 12 months \$000	2000 13 months \$000	
Financial performance						
Sales	387,787	327,957	330,554	389,958	403,094	
EBITDA	54,182	41,289	36,927	36,709	40,320	
Depreciation	(5,635)	(5,250)	(5,613)	(6,969)	(7,637)	
Amortisation	(2,770)	(1,755)	(1,377)	(1,659)	(1,969)	
EBIT	45,777	34,284	29,937	28,081	30,714	
Net interest expense	(1,801)	(839)	(1,430)	(2,690)	(3,750)	
Profit before tax	43,976	33,445	28,507	25,391	26,964	
Tax	(15,514)	(11,923)	(10,400)	(9,529)	(10,835)	
Profit after tax	28,462	21,522	18,107	15,862	16,129	
Minority interest	-	-	177	(975)	(1,864)	
Profit after tax and minority interest	28,462	21,522	18,284	14,887	14,265	
Funds employed						
Equity	125,232	126,597	123,532	130,305	125,565	
Term liabilities	5,000	10,000	-	14,584	5,000	
	130,232	136,597	123,532	144,889	130,565	
Represented by						
Current assets	129,615	117,951	106,099	137,644	145,558	
Current liabilities	(63,090)	(48,165)	(35,847)	(52,507)	(77,249)	
Working capital	66,525	69,786	70,252	85,137	68,309	
Non-current assets	63,707	66,811	53,280	77,550	77,322	
Minority interest	-	-	-	(17,798)	(15,066)	
	130,232	136,597	123,532	144,889	130,565	
Statistics						
	Notes					
Dividends per share (cents)	1	37	23	29	16	13
Dividend cover (times)		1.0	1.2	0.7	1.2	2.5
Earnings per share (cents)	2, 3	32.3	24.5	20.8	17.0	15.0
Return on sales		7.3%	6.6%	5.5%	3.8%	3.5%
Return on equity	2	22.7%	17.0%	14.8%	11.4%	10.5%
Working capital ratio		2.0:1	2.4:1	3.0:1	2.6:1	1.9:1
Net assets per share	3	\$1.42	\$1.44	\$1.41	\$1.48	\$1.43
Equity to total assets		64.8%	68.5%	77.5%	60.6%	56.3%
Debt to debt plus equity		20.7%	17.7%	5.1%	20.2%	28.4%
Net interest cover (times)		25.4	40.9	20.9	10.4	8.2
Number of ordinary shareholders		8,163	7,892	7,863	7,559	6,860
Number of employees at period end		793	736	591	700	736

Notes:

- (1) Dividends declared in respect of the financial period are included in the calculation.
- (2) Earnings per share and return on equity have been annualised for the period ended 30 June 2000.
- (3) Earnings and net assets per share are calculated on the basis of shares paid in full.

BUSINESS LOCATIONS & DIRECTORY

→ **New Zealand**



→ **Steel & Tube Holdings Limited**

15-17 Kings Crescent, Private Box
30-543 Lower Hutt, New Zealand.
Ph: 04 570 5000 Fx: 04 569 4218
Website: www.steelandtube.co.nz

Steel & Tube Distribution & Processing

Steel & Tube Fastening Systems

Steel & Tube Piping Systems

Steel & Tube Reinforcing & Fabrication

Steel & Tube Roofing Products

Hurricane Wire Products

Share Registry

Computershare Investor
Services Limited
Private Bag 92-119 Auckland 1020
Ph: 09 488 8777 Fx: 09 488 8787
Email: enquiry@computershare.co.nz
Website: www.computershare.com

Auditors

PricewaterhouseCoopers

Bankers

ANZ National Bank Limited
Bank of New Zealand Limited



→ Steel & Tube Distribution supplied over 200 tonnes of steel sections, pipe and plate to Crusader Engineering Limited for the construction of the Cemix Drimix plant at Onehunga, Auckland.

- CORPORATE OFFICE
- PIPING SYSTEMS
- REINFORCING & FABRICATION
- STEEL DISTRIBUTION
- FASTENING SYSTEMS
- HURRICANE WIRE PRODUCTS
- STEEL PROCESSING
- ROOFING PRODUCTS



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