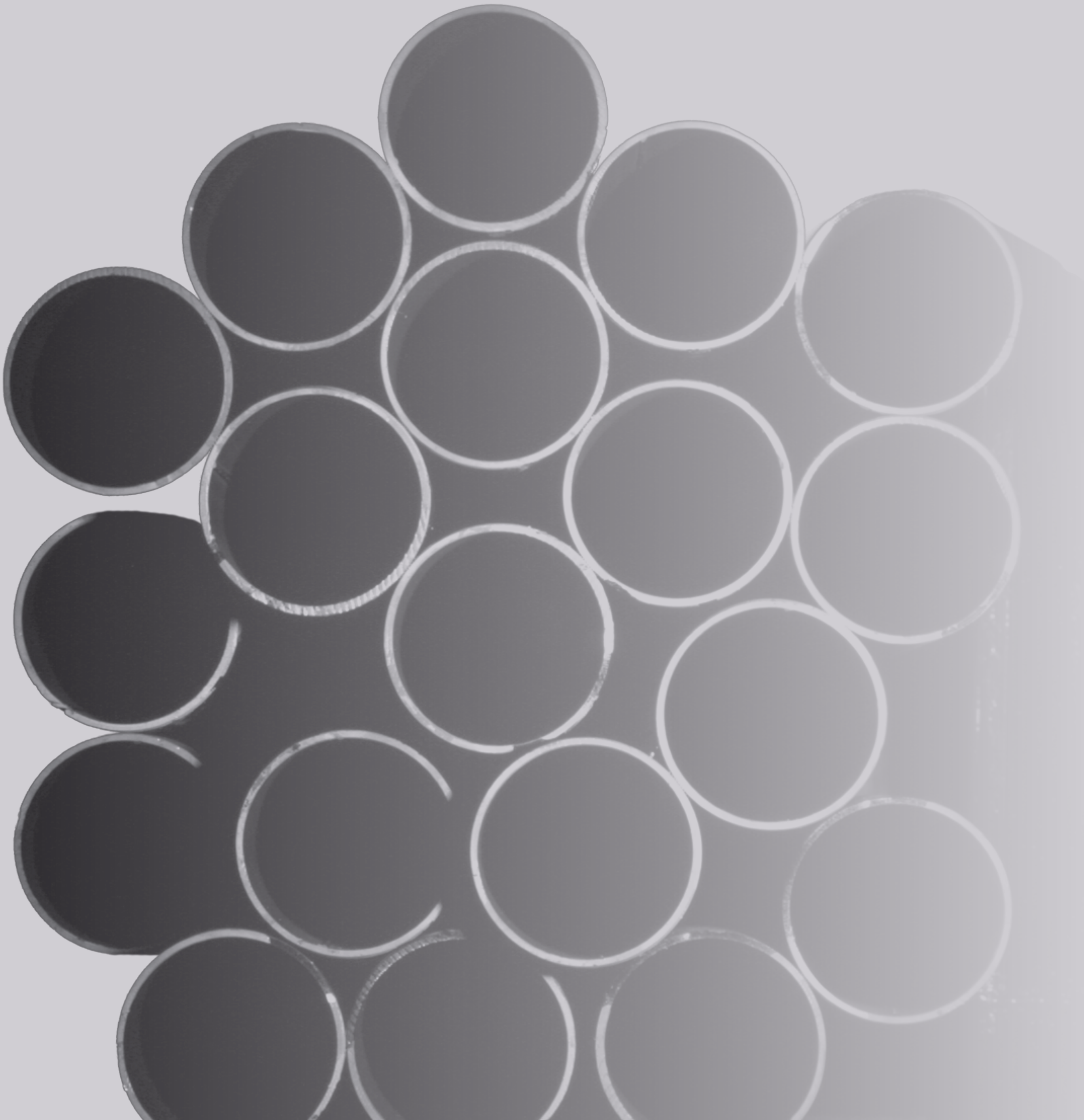
STEEL&TUBE

ANNUAL REPORT 2008



BUSINESS LOCATIONS

Registered Office

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

Trading Operations:

Steel Distribution & Processing

Chain & Rigging

Fastening Systems

Piping Systems

Reinforcing

Stainless Steel

Roofing Products

Hurricane Wire

Share Registry

Computershare Investor Services Limited
Private Bag 92-119, Auckland 1142
Ph: 09 488 8777 Fx: 09 488 8787
Email: enquiry@computershare.co.nz
Website: www.computershare.com

- CORPORATE OFFICE
- STEEL DISTRIBUTION & PROCESSING
- CHAIN & RIGGING
- PIPING SYSTEMS
- FASTENING SYSTEMS
- ROOFING PRODUCTS
- REINFORCING
- HURRICANE WIRE
- STAINLESS STEEL

CONTENTS

BOARD OF DIRECTORS

Dean Pritchard |

Chairman and Non-independent Director

Appointed a Director and elected as Chairman on 20 May 2005. Mr Pritchard BE, FIE Aust, CP Eng, FAICD is also a Director of OZ Minerals Limited, OneSteel Limited, Spotless Group Limited and Eraring Energy. Previously, he was Chief Executive Officer of Baulderstone Hornibrook, Chairman of ICS Global Limited and a Director of Zinifex Limited and of Railcorp.

Nick Calavrias |

Chief Executive Officer 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, a Vice-Chair of the New Zealand Business Roundtable and a Fellow of the New Zealand Institute of Management. He is a non-executive Director of Rangatira Limited and Chairman of Contract Resources Limited.

Barry Dineen |

Independent Director

Appointed a Director in 1994, Mr Dineen was formerly Chairman and Managing Director of the Shell Companies in New Zealand. He is currently a Director of Todd Corporation Limited. He is Past President of the Institute of Directors in New Zealand.

Dr Eileen Doyle |

Non-independent Director

Appointed a Director on 15 July 2005, Dr Doyle Ph.D, FAICD is also Chairman of Port Waratah Coal Services and a Director of State Super Financial Services, OneSteel Limited, Commonwealth Science and Industry Research Organisation and Ross Human Directors 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 where he is responsible for accounting, taxation, treasury, business planning and development, strategic sourcing, legal function and company secretarial matters. He was formerly Chief Financial Officer of Orica's worldwide explosives business and prior to that Director Finance and Information Technology for ICI's international polyester business.

Tony Candy |

Company Secretary

Appointed Company Secretary and Chief Financial Officer in February 1992, Mr Candy 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.

DIRECTORS' REPORT

The Directors present the annual report and financial statements of the Company and its subsidiaries for the year ended 30 June 2008.

The accounts have been prepared in accordance with New Zealand Accounting Standards, which comply with International Financial Reporting Standards.

Results

The financial result for the year was an after tax profit of $22.55 million. This compares with the $27.77 million profit of the previous year.

Dividends

Directors have declared a fully imputed dividend of 10 cents per share payable on 30 September 2008 to holders of fully paid ordinary shares registered at 19 September 2008. The amount payable is $8.8 million. The total dividends for the year of 19 cents per share compares to the previous year's ordinary dividends of 29 cents per share.

Financial Position

Shareholders' equity of $141.8 million compares with $138.8 million the previous year. Borrowings during the year increased by $14.1 million to $83.8 million. The gearing ratio (debt:debt plus shareholders' equity) is 0.37:1. The Company continues to be in a sound position.

In August and September 2007, a total of 53,660 shares were purchased on-market for a consideration of $242,000 by the Trustee of the Executive Share Plan. Vesting of rights to these shares is subject to Board-approved targets. These shares are recognised as treasury stock in the financial statements. There are no Directors, including the Chief Executive Officer, participating in this plan. During the year rights to 23,104 shares vested with employees. Refer notes 13 and 15b for 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, Eileen Doyle and Tony Reeves 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 challenging year for the Company. The continued solid performance of the Company is something of which all staff can be proud.

Dean Pritchard | Chairman

Nick Calavrias | Chief Executive Officer

14 August 2008

PROJECT WEST WIND

Steel & Tube Reinforcing supplied 2,500 tonnes of reinforcing steel for the 62 turbines located at the wind farm in Makara, Wellington.

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

The Company announced a full year after tax result of $22.5 million. This is a decrease of $5.2 million, or 18.8%, when compared with the previous year's result. Sales at $504 million were up from $466 million in the previous year.

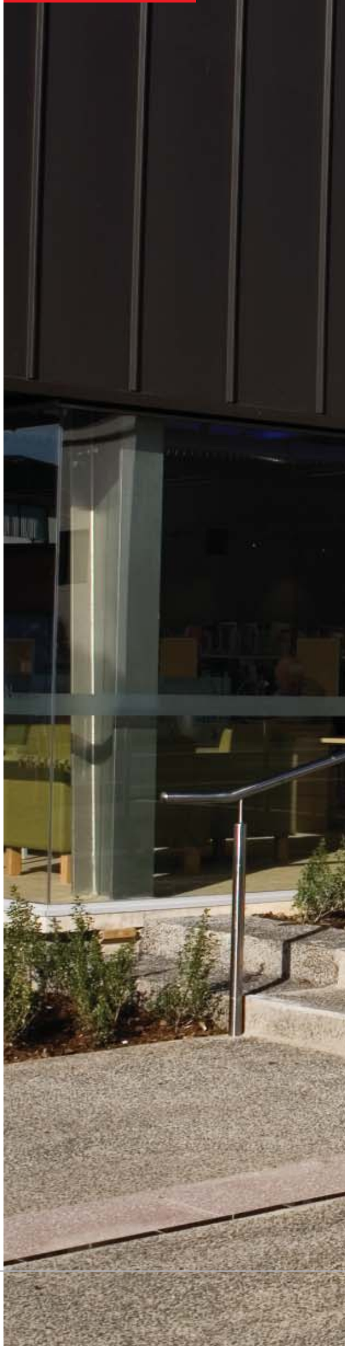
Normalised profit after restructuring and asset sales for the year amounted to $23.3 million.

Restructuring costs for Hurricane Wire Products and the gain from the sale of a property were $1.5 million and $0.7 million after tax respectively.

Although the profit result was less than last year's, it is pleasing to note that the second half trading profit improved substantially in a rapidly slowing economy, finishing in line with the guidance given at the half year.

The Company's result represents an EBIT return on year end total funds employed of 18.9% and an after tax return on average shareholders' funds of 16.1%.

Nick Calavrias
Chief Executive Officer



Market Conditions

The Company's three key market segments of construction, manufacturing and the rural sector, all suffered to a varying degree as the combination of exchange rate volatility, high interest rates and reduced growth in consumer spending slowed the economy. These conditions prevented businesses in general from recovering the increased cost of doing business resulting in a margin squeeze.

The manufacturing sector had to contend with a strong and at times volatile currency, while the construction sector was affected by escalating finance costs that affected a number of commercial developments as interest costs and lending conditions for mezzanine finance became prohibitive.

In spite of drought conditions affecting earnings from the farming sector, global demand and prices for dairy products increased rapidly during the year resulting in record payouts to this sector. However, difficult trading conditions for sheep and beef farmers continued to prevail.

Performance

Although the Distribution business comprising Steel Distribution, Stainless Steel, Fastening Systems, Piping Systems and Industrial Products, on aggregate increased sales revenue by about 8% compared with last year, the earnings of this division were lower.

The value of commercial building activity and infrastructure projects was up on last year, however, the volume of building products consumed by this sector was lower once the effect of price increases was taken into consideration. Volume to the manufacturing sector and to the rural communities, however, was steady and in line with last year.

Considerable pricing volatility for replacement inventory was encountered in the early part of the financial year, putting pressure on margins. Conditions, however, improved late in the second half as the cost of replacement inventory increased, which contributed to improved profitability in the last quarter.

The Manufacturing business comprising Roofing Products, Reinforcing & Fabrication and Hurricane Wire, was also affected by the same unfavourable economic conditions.

Although the Roofing and Reinforcing operations posted solid results, the Hurricane Wire business was adversely affected by a structural change to the market sector it services.

FRANKLIN: THE CENTRE

Steel & Tube supplied the ST900 and Euroline coloursteel roofing profiles, purlins and steel to the Library and Arts Centre Building at Pukekohe.

REVIEW OF OPERATIONS cont

The strong NZ currency relative to the US dollar made it difficult for Hurricane Wire to compete against imports from Asia for part of its manufacturing range.

Debtors & Inventory

Higher than normal sales in the last quarter resulted in a $14 million increase in debtors compared with the previous year.

We did, however, manage to decrease the inventory values on hand by $3.6 million during the same period.

Moving forward, however, there will be an increase in both debtor and inventory values as the effect of the higher steel prices take effect.

Health and Safety

Health and Safety is a key priority for all staff, contractors and visitors to our sites.

This commitment is shared with our employees, who undertake training in the identification of hazards, site auditing and the development of safe work practices.

The continuing strong focus to make the workplace safer and to reduce the number of work-related injuries has enabled the Company to achieve and maintain excellent results these past few years.

Although this year our medical injury treatments increased by 7 compared with last year to 17, our lost time injuries reduced from 2 to 1. This gives us a world class lost time injury rate of 0.6 per 1 million hours worked.

Environment

Steel & Tube shares the concern of its staff, customers and the community at large in respect to environmental sustainability.

Although the Company has compliant processes in place at sites that generate industrial waste, it has formally taken steps to reduce its carbon emissions.

This will be a long-term project and will involve savings in energy units used by moving to more sustainable energy sources, converting vehicles to alternative fuel as well as reducing the kilometres travelled, reduction in air miles and savings in paper.

Outlook

The New Zealand economy contracted by 0.3% in the March 2008 quarter. A similar environment is expected for most of calendar year 2008 as consumers struggle with the rising costs of mortgage payments, declining house prices and rapidly increasing food, energy and fuel prices.

The global economy is also facing difficulties as the impact of the US sub-prime mortgage problems spread to other economies causing substantial stresses to financial markets worldwide.

The Reserve Bank, concerned with the slowing New Zealand economy, reduced the Official Cash Rate in July by 0.25%. This was the first decrease in five years with more cuts expected later in the year. Lower interest rates, together with the tax cuts due in October, are expected to eventually boost consumer spending.

Although the construction of residential housing will continue to decline in the near term, we expect a gradual improvement from the construction sector in 2009 owing to lower interest rates and an increase in infrastructure projects and commercial activity relating to the 2011 Rugby World Cup.

Dairy farmers' incomes were boosted this year by the rapid rise in world commodity prices for dairy products, which added in excess of $3.5 billion to the economy, with the outlook for similar total incomes next year. Lamb and beef farmers, however, continue to struggle, with limited upside expected in the near term.

The export sector can expect improved profitability provided the NZ dollar remains close to its current levels relative to the Australian and American currencies.

International steel prices and exchange rate volatility have had significant impact on the Company's financial results over recent years.

CLUB TOWER, CHRISTCHURCH

Steel & Tube Distribution supplied 600 tonnes of structural steel to John Jones Steel for the erection of the first 5 Green Star-rated high-rise office building in the South Island for Latitude Group.

Substantial price increases for input costs to make steel, such as iron ore, coal and scrap metal, coupled with an increased global demand for steel products, are once again pushing the price of replacement steel inventory up.

As a result of this, the domestic price of steel products has increased substantially, with the expectation of further increases to follow as the year progresses. This will assist our position provided prices and volumes do not retreat later in the year.

In summary, we expect market conditions to gradually improve in early 2009 as construction activity increases and the weaker NZ currency assists the export sector. Provided the NZ economy is not adversely affected by global events, we expect to post an improved result in the year ahead.

MANAGEMENT STRUCTURE

Nick Calavrias |

Chief Executive Officer

Nick Calavrias joined the steel industry in 1966 and has held a variety of sales and managerial positions covering all aspects of the business. He joined Steel & Tube in August 1990 following the acquisition of Acorn Pacific Corporation of which he was Managing Director and a major shareholder.

Nick was appointed a Director of Steel & Tube Holdings Limited in September 1990 and Chief Executive Officer of the Group in July 1991.

Tony Candy |

Chief Financial Officer

Tony Candy joined the Company as Financial Controller of the Steel Distribution Division in 1988.

Tony was appointed Company Secretary and Chief Financial Officer in February 1992.

Steve Davies |

Executive General Manager Distribution

Steve Davies commenced his career in the steel industry in 1980 as a marketing cadet for BHP New Zealand.

Since then he has had extensive experience in the Australasian metals industry, joining Steel & Tube through the acquisition of the NZ Fasteners Group in April 2006 where he was Chief Executive Officer. Steve was appointed Executive General Manager Distribution in March 2007.

Mark Winnard |

Executive General Manager Manufacturing

Mark Winnard commenced his career in the steel industry in 1992 as a financial accountant with BHP New Zealand.

Mark was appointed General Manager of the Roofing operations in 1999 following the acquisition of BHP Steel Building Products NZ Limited.

Mark was appointed Executive General Manager Manufacturing in March 2007.

Terry Carter |

General Manager Steel Products

Terry Carter commenced his career with the Company in 1977 in a sales position.

Terry has gained extensive sales and management experience in the metals industry, rejoining Steel & Tube after a gap of four years through the acquisition of Acorn Pacific Corporation in August 1990.

Terry was appointed to his current position as General Manager Steel Products in March 2007.

Steve Kubala |

General Manager Stainless Products

Steve Kubala commenced his career with the Company in September 1985 in a sales position.

Steve has gained extensive sales and management experience in the metals industry, rejoining Steel & Tube after a gap of 12 years.

Steve was appointed to his current position as General Manager Steel & Tube Stainless Products in March 2007.

Andy Stevens |

General Manager Roofing Products

Andy Stevens commenced his career in the steel industry in 1994 in a sales position with BHP New Zealand.

Andy joined the Company following the acquisition of BHP Steel Building Products NZ Limited in 1999 and has held a number of sales and management positions.

Andy was appointed General Manager Steel & Tube Roofing Products in August 2007.

Roger Gabites |

General Manager Hurricane

Roger Gabites joined Steel & Tube in 2003 when the Company acquired Hurricane Wire Products.

Roger has 17 years experience with Hurricane Wire Products holding various sales and management positions. He was appointed General Manager Hurricane Wire Products in March 2007.

Roger O'Neill |

General Manager Reinforcing

Roger O'Neill joined the Company in 1972 as a Detailer in the Reinforcing Division. Roger has held various management positions in both the Steel Distribution and Reinforcing Divisions before being appointed to the position of General Manager Reinforcing in 1990.

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. These policies and processes do not materially differ from the New Zealand Exchange listing rule on corporate governance and the Securities Commission governance principles and guidelines.

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 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 the aggregate amount available for Directors' fees at annual meetings, with fees payable only to non-executive Directors. The Board is subject to regular performance appraisal in which appropriate strategies and action plans for improvement are agreed.

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. All committee members are non-executive Directors and senior management attends by invitation.

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
Dean Pritchard		●	●	
Barry Dineen	●	●	●	
Eileen Doyle				●
Ian Lindsay	●	●	●	●
Tony Reeves	●			

INDEVIN WINERY, HAWKE'S BAY

Steel & Tube Stainless supplied Hygienic-Grade tube and fittings, structural bar and fasteners to Site Installation Services for the new Indevin Winery in Hastings.

GOVERNANCE STATEMENT cont

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 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 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 in place programmes 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.

NEW PREMISES

Relocation of Steel & Tube Reinforcing and Hurricane Wire to new purpose-built premises in Christchurch.

STATUTORY INFORMATION

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 provided in note 17 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 2008 were:

Directors	$000
D A Pritchard	111.6
N Calavrias	1,034.0[1]
B M J Dineen	55.8
I K Lindsay	55.8
A J Reeves	55.8
E J Doyle	55.8

[1] The remuneration of Mr Calavrias includes a $202,000 apportionment of a long-term incentive plan that is payable if certain performance hurdles are achieved over three-year periods.

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.

Remuneration of Employees

Total remuneration and benefits received, or due and receivable, for the year ended 30 June 2008 were within the following bands:

Remuneration Range $000	Number of Employees
100 – 110	9
110 – 120	12
120 – 130	6
130 – 140	8
140 – 150	3
150 – 160	4
160 – 170	1
170 – 180	2
180 – 190	1
200 – 210	1
220 – 230	1
250 – 260	1
260 – 270	2
280 – 290	1
290 – 300	1

Directors' Shareholding

	At 30 June 2008			At 30 June 2007		
	Beneficial	Non-beneficial	Associated Persons	Beneficial	Non-beneficial	Associated Persons
N Calavrias	160,000[1]	120,820[2]	555,000	190,000[1]	105,050[2]	525,000
B M J Dineen	40,000	120,820[2]	–	40,000	105,050[2]	–
I K Lindsay	20,000	–	–	20,000	–	–
D A Pritchard	10,000	–	44,504,814[3]	10,000	–	44,504,814[3]
A J Reeves	4,000	–	44,504,814[3]	4,000	–	44,504,814[3]
E J Doyle	2,000	–	44,504,814[3]	2,000	–	44,504,814[3]

1 Comprise 160,000 shares paid to 1 cent held under the Senior Executives' Share Scheme 1993 at 30 June 2008. Partly paid shares do not have dividend or voting entitlements until fully paid.

At 30 June 2007, 30,000 fully paid shares were held beneficially and subsequently transferred on 21 December 2007 to associated persons for a consideration of $109,500.

2 Shares held as Trustees of the Employee Share Purchase Scheme 1983.

3 Dr Doyle and Messrs Reeves and Pritchard are associated persons of OneSteel Limited by virtue of their positions as Directors or employees of certain of its related companies.

Share dealings by Directors

There were no share dealings by Directors during the year ended 30 June 2008 other than that disclosed above.

SHAREHOLDER INFORMATION AT 30 JULY 2008

Census of shareholders

Size of holdings	Number of holders	Number of shares	% of issued shares
1 to 999	1,968	809,375	0.91
1,000 to 4,999	3,727	8,446,711	9.54
5,000 to 9,999	1,148	7,230,009	8.17
10,000 to 49,999	884	14,773,967	16.69
50,000 +	63	57,269,178	64.69
	7,790	88,529,240	100.00

Top twenty shareholders

Tubemakers of New Zealand Limited	44,504,814	50.27
FNZ Custodians Limited	1,768,585	2.00
Investment Custodial Services Limited	1,641,321	1.85
Accident Compensation Corporation*	1,128,561	1.27
Custodial Services Limited – a/c 3	670,172	0.76
Citibank Nominees (New Zealand) Limited*	566,715	0.64
Nicholas Calavrias & Mariana Calavrias & Leonidas Angelo Gambitsis	555,000	0.63
NZPT Custodians (Grosvenor) Limited	470,939	0.53
Forsyth Barr Custodians Limited – a/c 1M	371,615	0.42
New Zealand Superannuation Fund Nominees Limited*	324,755	0.37
Guardian Trust Investment Nominees (RWT) Limited*	320,619	0.36
National Nominees New Zealand Limited*	315,504	0.36
Forsyth Barr Custodians Limited – a/c 1L	270,162	0.31
Custodial Services Limited – a/c 2	234,304	0.26
Dorothy Izabella Plenzler & Leszek Andrzes Plenzler & Lynne Reindler Trustees Limited	212,000	0.24
PHP Bayly Limited	200,000	0.23
Hubbard Churcher Trust Management Limited	175,400	0.20
Custodial Services Limited – a/c 9 MDZ	149,274	0.17
James Michael Hannan & Helen Anne Hannan & Neville Gordon Low	140,000	0.16
ASB Nominees Limited	135,000	0.15
	54,154,740	61.17

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

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 30 July 2008.

Tubemakers of New Zealand Limited	44,504,814 shares

Issued shares in the Company comprise:

Ordinary shares fully paid	88,212,240
Ordinary shares paid to 1 cent (no voting rights)*	317,000
	88,529,240

* Shares issued in the Senior Executive Share Scheme 1993

FINANCIAL STATEMENTS 2008

Income Statement

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
Sales revenue		503,880	466,316	503,880	466,316
Cost of sales	1	(400,120)	(361,422)	(400,120)	(361,422)
Gross profit		103,760	104,894	103,760	104,894
Other operating income		750	321	750	321
Selling expenses	1	(26,002)	(24,868)	(26,002)	(24,868)
Administration expenses	1	(18,420)	(17,725)	(18,420)	(17,725)
Other operating expenses	1	(20,522)	(16,267)	(20,524)	(16,317)
Operating earnings before financing costs		39,566	46,355	39,564	46,305
Interest income		651	223	638	215
Interest expense		(6,639)	(4,828)	(6,639)	(4,828)
Profit before tax		33,578	41,750	33,563	41,692
Tax expense	2	(11,032)	(13,975)	(11,036)	(13,955)
Profit after tax		22,546	27,775	22,527	27,737
Basic earnings per share (cents)	3	25.6	31.5	25.6	31.5
Diluted earnings per share (cents)	3	25.5	31.4	25.5	31.4

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
Equity at beginning of year		138,780	139,136	139,243	139,738
Net profit for the year		22,546	27,775	22,527	27,737
Hedging reserve	14	884	(614)	884	(614)
Transactions with equity holders:					
Share capital	12	–	588	–	588
Treasury shares	13	(132)	52	–	–
Dividends paid	4	(20,244)	(28,157)	(20,289)	(28,206)
Equity at end of year		141,834	138,780	142,365	139,243

Balance Sheet

AT 30 JUNE 2008

	Notes	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
Current assets					
Inventories		**87,841**	91,203	**87,841**	91,203
Trade and other receivables	5	**100,022**	86,412	**99,870**	86,207
		187,863	177,615	**187,711**	177,410
Non-current assets					
Property, plant and equipment	6	**56,520**	46,964	**56,142**	46,586
Intangibles	7	**20,228**	20,219	**20,228**	20,219
Trade and other receivables	5	**–**	–	**1,197**	1,175
Deferred tax	8	**2,916**	3,184	**3,005**	3,282
		79,664	70,367	**80,572**	71,262
Total assets		**267,527**	247,982	**268,283**	248,672
Current liabilities					
Borrowings	9	**53,828**	54,671	**54,053**	54,898
Borrowings – term loans	9	**5,000**	–	**5,000**	–
Trade and other payables	10	**40,058**	38,848	**40,058**	38,848
Provisions	11	**272**	300	**272**	300
Income tax payable		**66**	(881)	**66**	(881)
		99,224	92,938	**99,449**	93,165
Non-current liabilities					
Borrowings	9	**25,000**	15,000	**25,000**	15,000
Provisions	11	**1,469**	1,264	**1,469**	1,264
		26,469	16,264	**26,469**	16,264
Equity					
Share capital	12	**70,637**	70,637	**70,637**	70,637
Treasury shares	13	**(786)**	(654)	**–**	–
Hedging reserve	14	**270**	(614)	**270**	(614)
Retained earnings		**71,713**	69,411	**71,458**	69,220
		141,834	138,780	**142,365**	139,243
Total equity and liabilities		**267,527**	247,982	**268,283**	248,672

These financial statements and the accompanying notes were authorised by the Board on 14 August 2008.

For the Board

DEAN PRITCHARD
CHAIRMAN

NICK CALAVRIAS
CHIEF EXECUTIVE OFFICER

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2008

	Notes	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
Operating activities					
Receipts from customers		**493,356**	459,456	**493,356**	459,456
Interest receipts		**651**	223	**638**	215
Payments to suppliers and employees		**(456,293)**	(427,710)	**(456,348)**	(427,806)
Income tax payments		**(9,817)**	(14,301)	**(9,812)**	(14,281)
Interest payments		**(6,639)**	(4,828)	**(6,639)**	(4,828)
		21,258	12,840	**21,195**	12,756
Investing activities					
Property, plant and equipment disposals		**2,461**	319	**2,461**	319
Purchases of business assets		**–**	–	**–**	–
Transactions with controlled entities		**–**	–	**(22)**	110
Treasury shares	13	**(132)**	52	**–**	–
Property, plant and equipment purchases		**(17,500)**	(10,319)	**(17,500)**	(10,319)
		(15,171)	(9,948)	**(15,061)**	(9,890)
Financing activities					
Share capital	12	**–**	588	**–**	588
Borrowings		**15,000**	–	**15,000**	–
Dividends paid	4	**(20,244)**	(28,157)	**(20,289)**	(28,206)
		(5,244)	(27,569)	**(5,289)**	(27,618)
Net movement in cash and cash equivalents		**843**	(24,677)	**845**	(24,752)
Balance at beginning of year		**(54,671)**	(29,994)	**(54,898)**	(30,146)
Balance at end of year		**(53,828)**	(54,671)	**(54,053)**	(54,898)
Reconciliation of profit after tax to cash flows from operating activities					
Profit after tax before adjustments for:		**22,546**	27,775	**22,527**	27,737
Gain on property, plant and equipment disposals		**(620)**	(143)	**(620)**	(143)
Depreciation and amortisation		**6,094**	6,177	**6,094**	6,177
Deferred tax		**268**	244	**277**	244
		28,288	34,053	**28,278**	34,015
Changes in:					
Income tax		**947**	(570)	**947**	(570)
Inventories		**3,362**	(11,711)	**3,362**	(11,711)
Trade and other receivables		**(13,610)**	(9,070)	**(13,663)**	(9,116)
Trade and other payables		**2,271**	138	**2,271**	138
		21,258	12,840	**21,195**	12,756

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2008

Steel & Tube Holdings Limited is registered under the Companies Act 1993 and is an issuer on the New Zealand Exchange for the purposes of the Financial Reporting Act 1993. The Company is a limited liability company incorporated and domiciled in New Zealand and the Group comprises Steel & Tube Holdings Limited and its subsidiaries.

Significant accounting policies

(a) Statement of compliance

The Group is a profit-oriented entity and its consolidated financial statements have been prepared in accordance and comply with the New Zealand Equivalents to International Financial Reporting Standards (NZIFRS), the Financial Reporting Act 1993, the Companies Act 1993 and New Zealand Generally Accepted Accounting Practice.

(b) Basis of preparation

These financial statements are presented in New Zealand dollars and rounded to the nearest thousand. The historical cost basis has been used in the preparation of the financial statements except for the following: derivative financial instruments, long-term service benefits and long-term incentive benefits are stated at fair value and property, plant and equipment is stated at deemed cost. Preparation of the financial statements requires management to exercise judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and of income and expenses. The accounting policies have been applied consistently to all periods presented in these financial statements.

(c) Basis of consolidation

Controlled entities are all entities over which the Group has the power, directly or indirectly, to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are taken into account. Financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets acquired, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the net assets acquired, the difference is recognised directly in the Income Statement.

Intragroup transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment. The accounting policies of controlled entities have been amended where required to ensure consistency with Group policies.

(d) Foreign currency

(i) Functional and presentation currency

Items presented in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Group's financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated using foreign currency exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions, and from translation of monetary assets and liabilities at balance date, are recognised in the Income Statement except when deferred in equity as qualifying cash flow hedges.

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2008

(iii) Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivative financial instruments are recognised initially at cost and, subsequent to initial recognition, are stated at fair value. The gain or loss on re-measurement to fair value is recognised in the Income Statement for those derivatives that do not qualify for hedge accounting. Recognition of any gain or loss on derivatives that qualify for hedge accounting is dependent on the nature of the hedged item.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of hedging derivatives is classified as a current asset or liability when the maturity of the hedged item is less than twelve months and as a non-current asset or liability when the maturity is greater than twelve months.

Cash flow hedge
The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised in equity. The gain or loss in the ineffective portion is recognised in the Income Statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or is exercised, any cumulative gain or loss previously recognised in equity remains in equity until the forecast transaction occurs. When the hedged item is a non-financial asset (for example, inventory or fixed assets), the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the Income Statement in the same period that the hedged item is recognised in the Income Statement.

(e) Property, plant and equipment

(i) Owned assets
Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment except for land, which is stated at cost less impairment. Land and buildings are stated at deemed cost, which is the fair value on or prior to 1 July 2004 (transition date to NZIFRS).

(ii) Subsequent costs
Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the Income Statement as expenses.

(iii) Depreciation
Depreciation is charged on a straight-line basis over the estimated useful lives of the assets, with the exception of land and capital work in progress, which are not depreciated. The residual values and useful lives are reviewed annually. The estimated useful lives are as follows:

Buildings	50 years
Plant and machinery	3 – 10 years
Motor vehicles	4 – 8 years
Equipment, furniture and fittings	2 – 10 years

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2008

(f) Intangible assets

(i) Goodwill

All business combinations are accounted for using the purchase method. Goodwill is recognised on acquisitions of subsidiaries or purchases of business assets and represents the excess of the acquisition cost over the fair value of the acquired net assets. It is allocated to cash-generating units, tested annually for impairment and stated at cost less accumulated impairment losses. Negative goodwill arising on acquisition is recognised in the Income Statement.

(ii) Licences

Licences are capitalised on the basis of costs incurred to acquire and use the specific licences and are amortised over their estimated useful lives of three to five years.

(g) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions about the future and the resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are disclosed below.

(i) Estimated impairment of non-current assets

Assets with indefinite useful lives are not subject to amortisation. They are tested annually for impairment and when events or circumstances indicate that the carrying value may not be recoverable. Assets subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

An impairment loss is recognised for the excess of the carrying value of an asset or cash-generating unit over its recoverable amount and is charged to the Income Statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(h) Inventories

Inventories are stated at the lower of cost and net realisable value, with cost determined on a first-in first-out basis, and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. The cost of finished inventories and work in progress includes a share of overheads based on normal operating capacity.

(i) Trade and other receivables

Trade and other receivables are stated at cost less the provision for doubtful debts. The provision for doubtful debts is established when there is objective evidence to indicate that debtors will not be able to pay their debts when due. Significant financial difficulties of debtors, probability that debtors will enter receivership, bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts and call borrowings repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purposes of the Statement of Cash Flows.

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2008

(k) Capital risk management

The Group's capital includes share capital, treasury shares, reserves and retained earnings. Ordinary shares are classified as equity. Where any controlled entities purchase Company shares that have not been allocated, the consideration paid and directly attributable costs are deducted from equity and classified as treasury shares.

The objectives on managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns and benefits for shareholders and other stakeholders and to maintain a strong capital base for investor, creditor and market confidence. The Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt in order to maintain or adjust its capital structure.

Monitoring of capital is on the basis of the gearing ratio. This ratio is calculated as net debt divided by the sum of total capital (shareholders' equity) and net debt where net debt is total borrowings less cash and cash equivalent assets. The policies in respect of capital management and allocation are reviewed regularly by the Directors.

The Group is not subject to any externally imposed capital requirements and there has been no material change in the management of capital during the year.

(l) Income tax and deferred tax

Income tax comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the period, using enacted tax rates, and any adjustment to tax payable in respect of prior periods.

Deferred tax uses the balance sheet liability method to provide for temporary differences between the carrying amounts of assets and liabilites and their tax base. The following temporary differences are not provided for: goodwill not deductible for tax purposes, initial recognition of assets and liabilities that affect neither accounting nor taxable profit and investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using enacted tax rates. Deferred tax assets are recognised to the extent that it is probable future taxable profits will offset temporary differences.

(m) Employee benefits

(i) Long-term service benefit

The Group's net obligation for long-term service benefit is the amount of future benefit that employees have earned in return for their services in the current and prior periods and is calculated using an independent actuarial valuation.

(ii) Defined contribution plans

Obligations for defined contribution plans are recognised as an expense in the Income Statement as incurred.

(iii) Short-term incentives

The Group recognises a liability and an expense for short-term incentives.

(iv) Long-term incentives

Employee Share Purchase Scheme

An opportunity is provided for employees to acquire Company shares when an offer is made. Directors are not eligible to participate in the scheme. The scheme is operated as a Trust with the Trustees appointed by the Board. Eligibility is based on having completed one year of employment at the time of the offer. The shares are offered at a discount to market price approved by the Board. The discount is recognised at grant date and expensed over the vesting period. An interest-free loan is available to employees to purchase Company shares when an offer is made. Shares allocated to employees do not vest until a minimum of three years from grant date has elapsed and the loan from the employee has been repaid. All shares allocated to employees are held beneficially by the Trustees until they vest, while dividends

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2008

received on these shares are paid directly to employees. The employees may withdraw from the scheme prior to the vesting date and the shares repurchased by the Trustees are recognised as treasury shares.

Cash plan
A cash incentive plan may be offered to key management personnel as approved by the Board. The terms and conditions of an offer are similar to the share-based incentive plan described below. The cost associated with the plan is expensed in the Income Statement over the vesting period, with a corresponding liability in the Balance Sheet.

Share-based plan
The share-based plan is a long-term incentive plan that offers key management personnel an opportunity to subscribe for rights to Company shares as directed by the Board. The Board appoints a Trustee to administer the plan. Vesting of the rights occurs upon achieving Board-approved targets, after a minimum of three years to a maximum of five years from grant date. Any rights not vested after the expiry of five years are cancelled. The cost associated with this plan is measured at fair value at grant date and is recognised as an expense in the Income Statement over the vesting period, with a corresponding liability in employee benefits in the Balance Sheet. Shares purchased in this plan are recognised as treasury shares until they are distributed.

(n) Provisions
Provisions are recognised in the Balance Sheet when the Group has a legal or constructive obligation from past events and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are management's best estimate of the expenditure required to settle the obligation.

(o) Revenue recognition
Revenue comprises the fair value of sales of goods and services net of Goods and Services Tax, rebates and discounts and after elimination of sales within the Group. It is recognised when the significant risks and rewards of ownership have been transferred to the customer.

(p) Leases
Payments made under operating leases are charged to the Income Statement on a straight-line basis over the term of the lease.

(q) Financial assets
The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of the assets at the initial recognition and re-evaluates the designation at each reporting date.

Purchases and sales of financial assets are recognised on the date the Group has committed to the transaction. Derecognition of financial assets occurs when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

The Group assesses at each balance date whether there is objective evidence that financial assets are impaired.

(i) Financial assets at fair value through profit or loss
This category has two sub-categories: financial assets held for trading and those designated at fair value through profit and loss at inception. Classification in this category is applied if the assets are acquired principally for the purpose of selling in the short term or if designated by management. Derivatives are in this category unless they are designated as hedges. The assets are classified as current assets if they are either held for trading or are expected to be realised within twelve months from balance date. The Group holds no such assets.

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2008

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets unless their maturities are greater than twelve months from balance date. Loans and receivables are included in 'trade and other receivables' in the balance sheet.

(iii) Held to maturity investments
These investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group has the intention and ability to hold to maturity. The Group holds no such assets.

(iv) Available for sale financial assets
These assets are non derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of these assets within twelve months from balance date. The Group holds no such assets.

(r) Segment reporting
A business segment is a group of assets and operations engaged in the provision of products and services that are subject to risks and returns different from those of other business segments. A geographical segment represents a particular economic environment where the risks and returns are different from other economic environments.

Segment reporting is not appropriate because the Group operates in one industry in New Zealand. The Group's activities are the distribution, fabrication and processing of steel products.

(s) Borrowings
Borrowings are recognised initially at fair value and net of transaction costs incurred. They are subsequently stated at amortised cost and any difference between the net proceeds and redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities if settlement is within twelve months.

(t) Standards, interpretations and amendments to published accounts that are not yet adopted
Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods to which the Group has not early adopted. The standards relevant to the Group are as follows:

NZIAS 1 – Presentation of Financial Statements (revised)

The revised standard is applicable for periods beginning on or after 1 January 2009 and introduces a "total comprehensive income" concept where changes in equity, other than those resulting from transactions with owners, are presented in either a "Statement of Comprehensive Income" or an "Income Statement and Statement of Comprehensive Income". It also prohibits presenting components of comprehensive income in the Statement of Changes in Equity. The Group will adopt the revised standard for the year ended 30 June 2010.

NZIFRS 8 – Operating Segments.

The standard is applicable for periods beginning on or after 1 January 2009 and requires disclosure of segments that are focused on information provided to the chief operating decision-maker. It sets out the requirements for related disclosures about products and services, geographical areas and major customers and includes consequential amendments to NZIAS 34 – Interim Financial Reporting. The Group will adopt the standard for the year ended 30 June 2010.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Group and Parent 2008 $000	Group and Parent 2007 $000
1. Operating activities		
Included in operating activities:		
Inventories expensed in cost of sales	**(373,895)**	(337,190)
Employee benefits	**(46,967)**	(43,896)
Auditors' fees – audit services	**(198)**	(195)
– tax compliance and consulting	**(20)**	(58)
Donations	**(18)**	(16)

	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
2. Income tax expense				
Profit before tax	**33,578**	41,750	**33,563**	41,692
Permanent differences	**(633)**	211	**(633)**	211
	32,945	41,961	**32,930**	41,903
Tax at 33% (2007: 33%)	**10,872**	13,847	**10,867**	13,827
Tax rate change	**160**	128	**169**	128
	11,032	13,975	**11,036**	13,955
Represented by:				
Current tax	**10,764**	13,731	**10,759**	13,711
Deferred tax	**268**	244	**277**	244
	11,032	13,975	**11,036**	13,955

The Group's income tax rate will be 30% with effect from 1 July 2008. Deferred tax items at balance date have been adjusted for the 3% tax rate differential, resulting in an increase in tax expense with a corresponding decrease in deferred tax asset.

	Group and Parent 2008 $000	Group and Parent 2007 $000
Imputation credit account		
Balance at beginning of year	**14,867**	14,399
Tax payments	**9,000**	11,750
Credits attached to dividends paid	**(8,065)**	(11,282)
Balance at end of year	**15,802**	14,867

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
3. Earnings per share (EPS)				
Profit after tax	**22,546**	27,775	**22,527**	27,737
Weighted average number of shares for basic EPS	**88,036**	88,070	**88,036**	88,070
Weighted average number of shares for diluted EPS	**88,353**	88,387	**88,353**	88,387
Basic earnings per share (cents)	**25.6**	31.5	**25.6**	31.5
Diluted earnings per share (cents)	**25.5**	31.4	**25.5**	31.4

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of fully paid shares less treasury shares. Diluted earnings per share includes partly paid shares (note 12).

4. Dividends

	Group 2008	Group 2007	Parent 2008	Parent 2007
2008 interim: 9 cents per share (2007: 15 cents)	**7,939**	13,232	**7,939**	13,232
2007 final: 14 cents per share (2006: 17 cents)	**12,350**	14,974	**12,350**	14,974
Treasury shares	**(45)**	(49)	**–**	–
	20,244	28,157	**20,289**	28,206

Dividends paid are fully imputed and the Group is entitled to a tax credit for supplementary dividends paid to overseas shareholders of $1.9 million (2007: $2.6 million).

	Group 2008	Group 2007
Declared post balance date and not recognised as a liability: 2008 final: 10 cents per share (2007: 14 cents).	**8,804**	12,330

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
5. Trade and other receivables				
Trade receivables	**99,359**	85,387	**99,359**	85,387
Provision for doubtful debts	**(1,239)**	(1,488)	**(1,239)**	(1,488)
	98,120	83,899	**98,120**	83,899
Prepayments and sundry receivables	**1,902**	2,513	**1,750**	2,308
Controlled entities (note 17)	**–**	–	**1,197**	1,175
	100,022	86,412	**101,067**	87,382
Non-current portion – controlled entities	**–**	–	**(1,197)**	(1,175)
	100,022	86,412	**99,870**	86,207

No concentration of credit risk exists with trade receivables as the Group has a large number of customers.
Bad debts written off during the year amounted to $2.3 million (2007: $0.3 million). The carrying values of trade and other receivables are equivalent to their fair values.

Loan transactions with controlled entities are free of interest and repayable on demand. The carrying values are equivalent to their fair values.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

(a) Past due but not impaired

At 30 June 2008, trade receivables of $12.6 million (2007: $10.2 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of the trade receivables is as follows:

	Group and Parent	
	2008	2007
	$000	$000
Within 1 month	**4,555**	5,553
Within 1 to 3 months	**3,291**	2,264
Beyond 3 months	**4,725**	2,409
	12,571	10,226

(b) Provision for doubtful debts

At 30 June 2008, trade receivables of $1.6 million (2007: $1.8 million) were considered to be impaired and the amount of the provision was $1.2 million (2007: $1.5 million). The impaired receivables were from a number of customers who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

Opening balance	**1,488**	1,364
Recognised during the year	**1,949**	203
Written off during the year as uncollectable	**(2,198)**	(79)
Closing balance	**1,239**	1,488

	Land & Buildings $000	Machinery & Vehicles $000	Furniture, Fittings & Equipment $000	Total $000
6. Property, plant and equipment				
Group 2008				
Opening net book value	**20,322**	**23,187**	**3,455**	**46,964**
Additions	**6,206**	**8,291**	**2,786**	**17,283**
Disposals	**(392)**	**(1,393)**	**(57)**	**(1,842)**
Depreciation	**(439)**	**(4,017)**	**(1,429)**	**(5,885)**
Closing net book value	**25,697**	**26,068**	**4,755**	**56,520**
Comprised of:				
Cost or deemed cost	**30,708**	**59,211**	**18,686**	**108,605**
Accumulated depreciation	**(5,011)**	**(33,143)**	**(13,931)**	**(52,085)**
	25,697	**26,068**	**4,755**	**56,520**
Group 2007				
Opening net book value	19,883	19,965	3,146	42,994
Additions	824	7,480	1,700	10,004
Disposals	–	(149)	(39)	(188)
Depreciation	(385)	(4,109)	(1,352)	(5,846)
Closing net book value	20,322	23,187	3,455	46,964
Comprised of:				
Cost or deemed cost	25,015	54,588	16,662	96,265
Accumulated depreciation	(4,693)	(31,401)	(13,207)	(49,301)
	20,322	23,187	3,455	46,964

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Land & Buildings $000	Machinery & Vehicles $000	Furniture, Fittings & Equipment $000	Total $000
Parent 2008				
Opening net book value	19,944	23,187	3,455	46,586
Additions	6,206	8,291	2,786	17,283
Disposals	(392)	(1,393)	(57)	(1,842)
Depreciation	(439)	(4,017)	(1,429)	(5,885)
Closing net book value	**25,319**	**26,068**	**4,755**	**56,142**
Comprised of:				
Cost or deemed cost	30,330	59,211	18,686	108,227
Accumulated depreciation	(5,011)	(33,143)	(13,931)	(52,085)
	25,319	**26,068**	**4,755**	**56,142**
Parent 2007				
Opening net book value	19,505	19,965	3,146	42,616
Additions	824	7,480	1,700	10,004
Acquisitions				
Disposals	–	(149)	(39)	(188)
Depreciation	(385)	(4,109)	(1,352)	(5,846)
Closing net book value	19,944	23,187	3,455	46,586
Comprised of:				
Cost or deemed cost	24,538	54,588	16,662	95,788
Accumulated depreciation	(4,594)	(31,401)	(13,207)	(49,202)
	19,944	23,187	3,455	46,586

7. Intangibles

Group and Parent ($000)

	Goodwill	Licences	2008 Total	Goodwill	Licences	2007 Total
Opening net book value	19,856	363	20,219	19,856	371	20,227
Additions	–	218	218	–	324	324
Amortisation charge	–	(209)	(209)	–	(332)	(332)
Closing net book value	**19,856**	**372**	**20,228**	19,856	363	20,219
Comprised of:						
Cost	19,856	3,310	23,166	19,856	3,190	23,046
Accumulated amortisation	–	(2,939)	(2,939)	–	(2,827)	(2,827)
	19,856	**371**	**20,227**	19,856	363	20,219

Licences are amortised over their estimated useful lives of three to five years.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

Impairment test on goodwill

Goodwill is allocated at acquisition to the cash generating units (CGUs) that are expected to benefit from the business combination. It is tested annually for impairment or when there are indications that goodwill may be impaired. The recoverable amounts of the CGUs are determined from value-in-use calculations. These calculations are based on the Board-approved budgeted cash flow forecasts for the next three years and are extrapolated for a further two years. The forecast cash flows are discounted to present value at a rate of 11%. The estimated growth rate for the terminal value is 1.5% and does not exceed the average long-term growth rate for the relevant markets. At balance date no impairment of goodwill has occurred.

	2008 $000	2007 $000
Carrying value of goodwill:		
Hurricane Wire Products Division	**11,419**	11,419
CGUs without significant goodwill	**8,437**	8,437
	19,856	19,856

8. Deferred tax assets

	Group ($000)			Parent ($000)		
	Opening Balance	Recognised in Income	Closing Balance	Opening Balance	Recognised in Income	Closing Balance
2008						
Property, plant and equipment	**631**	**(127)**	**504**	**729**	**(136)**	**593**
Employee benefits	**1,204**	**(82)**	**1,122**	**1,204**	**(82)**	**1,122**
Provisions	**784**	**(41)**	**743**	**784**	**(41)**	**743**
Other items	**565**	**(18)**	**547**	**565**	**(18)**	**547**
	3,184	**(268)**	**2,916**	**3,282**	**(277)**	**3,005**
2007						
Property, plant and equipment	802	(171)	631	900	(171)	729
Employee benefits	1,077	127	1,204	1,077	127	1,204
Provisions	956	(172)	784	956	(172)	784
Other items	593	(28)	565	593	(28)	565
	3,428	(244)	3,184	3,526	(244)	3,282

9. Borrowings

	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
Current				
Bank and at call	**53,828**	54,671	**54,053**	54,898
Bank term loans	**5,000**	–	**5,000**	–

The effective interest rate on the call borrowings was 9.1% (2007: 7.7%). Credit facilities arranged with the banks can be drawn at any time subject to meeting the Group's Deed of Negative Pledge conditions. Interest rates on these facilities are variable. The carrying value of the short-term borrowings is equivalent to the fair value.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Group		Parent	
	2008 $000	2007 $000	2008 $000	2007 $000
Non-current				
Bank term loans	**25,000**	15,000	**25,000**	15,000

The effective interest rate on the fixed rate term loans was 7.9% (2007: 7.1%). The Group has committed bank borrowing facilities at balance date of $100 million (2007: $80 million). These facilities have a mix of fixed and revolving terms. Unless earlier extended, $80 million (2007: $60 million) has a repayment date of March 2010 and $20 million (2007: $20 million) has a repayment date of March 2012. Subsequent to balance date, the Group negotiated an additional $25 million bank borrowing facility with a repayment date of March 2011.

10. Trade and other payables

Trade payables	**23,338**	23,041	**23,338**	23,041
Accrued expenses	**11,794**	10,934	**11,794**	10,934
Employee benefits	**4,926**	4,873	**4,926**	4,873
	40,058	38,848	**40,058**	38,848

The carrying values of the above items are equivalent to their fair values.

11. Provisions

	Group and Parent	
Current	2008 $000	2007 $000
Opening balance	**300**	564
Used during the year	**(28)**	(264)
Closing balance	**272**	300

The provision relates to estimates of customer claims for faulty or defective products supplied and contract disputes.

	Group and Parent		
Non-current	Service Benefits	Incentive Benefits	Total
2008			
Opening balance	**530**	**734**	**1,264**
Accrued	**42**	**602**	**644**
Used	**–**	**(306)**	**(306)**
Reversal	**–**	**(133)**	**(133)**
Closing balance	**572**	**897**	**1,469**
2007			
Opening balance	533	713	1,246
Accrued	–	484	484
Used	–	(398)	(398)
Reversal	(3)	(65)	(68)
Closing balance	530	734	1,264

Service benefits comprise the long service leave benefit for employees and the retirement benefit for Non-executive Directors. Melville Jessup Weaver performed an actuarial calculation of the unvested long service leave benefit. Leave vested at balance date is reported under employee benefits in trade and other payables. The Non-executive Directors' retirement benefit was fixed for those Directors in office at 1 May 2004. Directors appointed subsequent to that date do not qualify as the benefit was discontinued. Executive Directors are not entitled to this benefit.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

Incentive benefits comprise the long-term incentive plans of cash or rights to Company shares that are offered to key management personnel. The plan is measured at fair value at grant date and expensed over the vesting period with a corresponding liability in the Balance Sheet (note 15(b)).

	Group and Parent			
	2008 $000	2007 $000	**2008 Shares**	2007 Shares
12. Share capital				
Fully paid:				
Balance at beginning of year	**70,634**	70,045	**88,212,240**	88,085,240
Senior Executives' Share Scheme	–	588	–	127,000
Transfer from shares paid to 1 cent	–	1	–	–
Balance at end of year	**70,634**	70,634	**88,212,240**	88,212,240
Partly paid:				
Balance at beginning of year	**3**	4	**317,000**	444,000
Transfer to fully paid shares	–	(1)	–	(127,000)
Balance at end of year	**3**	3	**317,000**	317,000
	70,637	70,637	**88,529,240**	88,529,240

The holders of ordinary shares are entitled to receive dividends declared from time to time and to one vote per share at meetings of the Company. Ordinary 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.

13. Treasury shares

	2008 $000	2007 $000	**2008 Shares**	2007 Shares
Balance at beginning of year	**654**	706	**142,034**	160,990
Purchases	**242**	88	**53,660**	20,000
Used in share schemes	**(157)**	(175)	**(32,404)**	(48,256)
Withdrawals	**47**	35	**12,830**	9,300
Balance at end of year	**786**	654	**176,120**	142,034

Treasury shares are unallocated Company shares held by the Trustees of share-based schemes and are recognised as a reduction in shareholders' funds.

14. Financial risk management

The Group's activities are exposed to a variety of financial risks: market risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects by hedging exposures through derivative financial instruments.

(i) Market risk

The Group is exposed to foreign exchange risk arising from overseas purchases of inventory and certain plant and machinery. In accordance with its treasury policy, all confirmed overseas purchase orders are to be fully hedged where payment is made in a foreign currency. The Group uses derivative financial instruments (forward foreign exchange contracts) to manage its exposure to foreign exchange risks, predominantly the United States dollar, from its operational, financing and investment activities. The Group qualifies for hedge accounting and all of the gains and losses from its foreign exchange exposure is taken to equity.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Group and Parent	
	2008	2007
	$000	$000
Cash flow hedging reserve:		
Opening balance	**(614)**	–
Gain/(loss) taken to equity	**270**	(614)
Transfer to inventory	**614**	–
Closing balance	**270**	(614)

If the NZ dollar had weakened/strengthened by 5% against the US dollar at balance date, there would be no impact on the Income Statement as the Group qualifies for hedge accounting. The effect will be to equity at +$0.7 million/-$0.6 million (2007: +$0.5 million/-$0.5 million) respectively.

(ii) Credit risk

Credit risk exposure arises from cash and cash equivalents, trade debtors and transactions with financial institutions. Customers who wish to trade on credit terms are subject to credit verification procedures and credit limits are set for each customer. The Group's credit policy is monitored regularly. Security over assets is not required from transactions with financial institutions owing to the quality of the institutions the Group deals with. There are no significant concentrations of credit risk as the Group has a large customer base.

(iii) Liquidity risk

Prudent liquidity risk management means maintaining availability of sufficient cash and funding via an adequate amount of committed credit facilities. Owing to the nature of the underlying business, the Group aims to maintain funding flexibility through committed credit lines. The Group manages liquidity risk by monitoring actual and forecast cash flows on a regular basis and arranges additional credit facilities where appropriate.

The table below analyses the Group's financial liabilities and derivative financial instruments into maturity groupings based on the remaining period from balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Within 1 year	Within 1-2 years	Within 2-3 years	Total
Group 2008				
Borrowings	**65,978**	**25,851**	–	**91,829**
Trade and other payables	**40,058**	–	–	**40,058**
Cash flow hedging of forward foreign exchange contracts:				
Outflow	**13,532**	–	–	**13,532**
Inflow	**13,802**	–	–	**13,802**
Group 2007				
Borrowings	60,247	5,983	10,000	76,230
Trade and other payables	38,848	–	–	38,848
Cash flow hedging of forward foreign exchange contracts:				
Outflow	10,175	–	–	10,175
Inflow	9,561	–	–	9,561

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

	Within 1 year	Within 1-2 years	Within 2-3 years	Total
Parent 2008				
Borrowings	**66,246**	**25,851**	–	**92,097**
Trade and other payables	**40,058**	–	–	**40,058**
Cash flow hedging of forward foreign exchange contracts:				
Outflow	**13,532**			**13,532**
Inflow	**13,802**	–	–	**13,802**
Parent 2007				
Borrowings	60,493	5,983	10,522	76,998
Trade and other payables	38,848	–	–	38,848
Cash flow hedging of forward foreign exchange contracts:				
Outflow	10,175	–	–	10,175
Inflow	9,561	–	–	9,561

(iv) Interest-rate risk

The Group's operating cash flows are substantially independent of changes in market interest rates as it has no significant interest-bearing assets. Cash flow interest-rate risk arises mainly from borrowings of both short-term and long-term advances. Long-term borrowings are arranged at fixed rates. The cash flow interest rate on short-term borrowings is variable and the Group monitors this exposure on a regular basis.

If the interest rate on short-term borrowings had increased/decreased by 100 basis points at balance date, the effect on post-tax profit would have been $0.4 million higher/lower respectively. There is no effect on long-term borrowings as these are arranged at fixed rates of interest and on fixed terms.

The Group uses both short-term floating and long-term fixed rate borrowings to fund its operations.The carrying value of long-term borrowings is equivalent to their fair values as the impact of discounting is not significant. The tables below reflect the maturity periods of the borrowings at balance date.

	At call $000	Term loans $000	Total $000
2008			
Within 1 year	**53,828**	**5,000**	**58,828**
Within 1-2 years	–	**25,000**	**25,000**
	53,828	**30,000**	**83,828**
2007			
Within 1 year	54,671	–	54,671
Within 1-2 years	–	5,000	5,000
Within 2-3 years	–	10,000	10,000
	54,671	15,000	69,671

15. Share schemes

(a) Employee Share Purchase Scheme 1983

The scheme provides 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 DC11 of the Income Tax Act 2007. Directors are not eligible to participate in this scheme. Shares allocated to employees at grant date do not vest until a minimum of three years has elapsed and the loan has been repaid. All shares allocated are held beneficially by the Trustees until they vest. Dividends received on these shares are paid directly to employees. The shares offered to employees are at a discount to market price approved by the Board. Employees may withdraw from the scheme at any time with the repurchased shares recognised as treasury shares. An offer was made to employees in October 2007 at an issue price of $3.90 per share.

	Group	
	2008 Shares	2007 Shares
Balance at beginning of year	**105,050**	111,570
Purchases	**18,870**	28,110
Vested in employees	**(3,100)**	(34,630)
Balance at end of year	**120,820**	105,050

(b) Executive Share Plan 2003

The Executive Share Plan offers key management personnel an opportunity to subscribe for rights to Company shares as directed by the Board. Vesting of the rights occurs upon achieving Board-approved targets, based on total shareholder returns, after a minimum of three years to a maximum of five years from grant date. Shares purchased in this plan are recognised as treasury shares until they are distributed. In August and September 2007 shares were purchased on-market at an average price of $4.50 per share. 23,104 rights to shares from the 2004 plan were vested in employees. The distribution was independently verified and based on total shareholder returns achieved since June 2004.

Balance at beginning of year	**132,734**	155,280
Purchases	**53,660**	20,000
Vested in employees	**(23,104)**	(42,546)
Balance at end of year	**163,290**	132,734

	Group		Parent	
	2008 $000	2007 $000	**2008 $000**	2007 $000

16. Commitments and Contingencies

(a) Lease commitments on non-cancellable leases

	Group 2008 $000	Group 2007 $000	Parent 2008 $000	Parent 2007 $000
Within 1 year	**8,478**	7,775	**8,438**	7,714
Within 1 to 5 years	**20,921**	18,444	**20,921**	18,343
Beyond 5 years	**8,576**	8,475	**8,576**	8,475
	37,975	34,694	**37,935**	34,532

The Group occupies a number of warehouse and office premises under operating leases. The leases have varying terms and renewal rights. During the year $8.7 million (2007: $7.7 million) was recognised as an expense in the Income Statement.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2008

(b) Capital commitments

The Group has committed $0.5 million (2007: $10.9 million) for the purchase of property, plant and equipment.

(c) Contingent liabilities

Guarantees on contracts at balance date were $0.6 million (2007: $0.5 million) and were transacted in the ordinary course of business.

17. Related parties

The Group has related party relationships with its controlled entities, its overseas parent shareholder and with key management personnel.

	Group	
	2008	2007
	$000	$000
(a) Transactions with parent company		
Purchases during the year	**47,583**	46,063
Percentage of related party purchases	**12.2%**	12.3%

OneSteel Limited of Australia, through its subsidiary Tubemakers of New Zealand Limited, owns 50.3% (2007: 50.3%) of the Company's issued shares. All transactions are on commercial terms. Included in trade creditors is an amount of $5.3 million (2007: $4.6 million) owed to OneSteel at balance date.

	2008	2007
(b) Transactions with controlled entities		
Loans to share schemes	**893**	871
Loans to subsidiaries	**304**	304
	1,197	1,175

Controlled entities are wholly owned and incorporated in New Zealand with a balance date of 30 June. They do not trade and loans provided to them are free of interest and repayable on demand. Loans provided to the share schemes are for the purchase of Company shares (note 15).

	2008	2007
(c) Transactions with key management personnel		
Short-term benefits	**2,737**	2,907
Long-term benefits	**282**	305
Share-based benefits	**179**	289
	3,198	3,501

Included in short-term benefits are Directors' fees of $335,000 (2007: $309,000).

18. Subsequent event

On 14 August 2008 the Board declared a fully imputed dividend of 10 cents per share ($8.8 million) and a supplementary dividend to non-resident shareholders of 1.8 cents per share. The dividends will be paid to shareholders on 30 September 2008.

Auditors' report

TO THE SHAREHOLDERS OF STEEL & TUBE HOLDINGS LIMITED

PRICEWATERHOUSECOOPERS

We have audited the financial statements on pages 19 to 38. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2008 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 22 to 27.

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 2008 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 capacity as auditors and tax 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 19 to 38:

  (i) comply with generally accepted accounting practice in New Zealand;

  (ii) comply with International Financial Reporting Standards; and

  (iii) give a true and fair view of the financial position of the Company and Group as at 30 June 2008 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 14 August 2008 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers

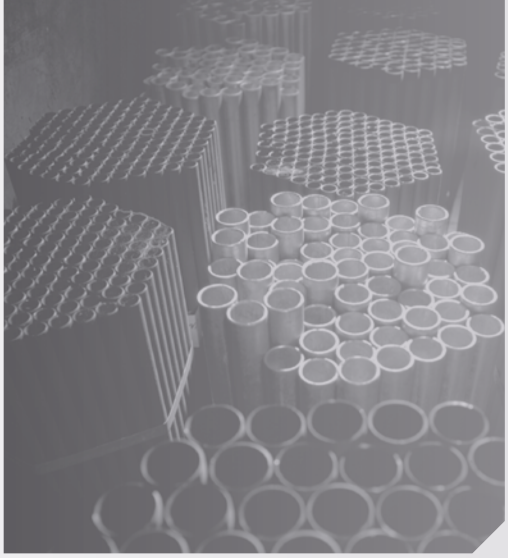
Chartered Accountants
Wellington

Comparative Review

Figures reported in the 2005 to 2008 years conform with NZIFRS while the 2004 year was reported under the previous NZ FRS.

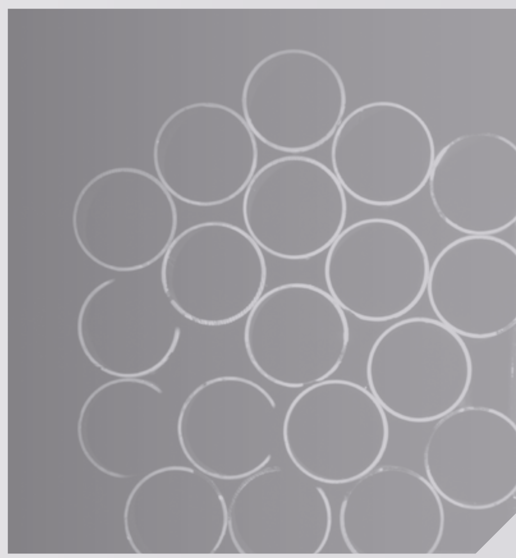
	2008 $000	2007 $000	2006 $000	2005 $000	2004 $000
Financial Performance					
Sales	**503,880**	466,316	439,342	437,427	387,787
EBITDA	**45,664**	52,532	54,903	66,513	54,182
Depreciation and amortisation	**(6,098)**	(6,177)	(5,636)	(5,740)	(5,635)
Goodwill amortisation	–	–		–	(2,770)
EBIT	**39,566**	46,355	49,267	60,773	45,777
Interest expense – net	**(5,988)**	(4,605)	(3,163)	(2,848)	(1,801)
Profit before tax	**33,578**	41,750	46,104	57,925	43,976
Tax	**(11,032)**	(13,975)	(15,280)	(19,196)	(15,514)
Profit after tax	**22,546**	27,775	30,824	38,729	28,462
Funds Employed					
Equity	**141,834**	138,780	139,136	136,454	125,232
Non-current liabilities	**26,469**	16,264	16,246	10,842	5,000
	168,303	155,044	155,382	147,296	130,232
Comprises:					
Current assets	**187,863**	177,615	157,145	154,868	127,862
Current liabilities	**(99,224)**	(92,938)	(68,412)	(70,918)	(61,337)
Working capital	**88,639**	84,677	88,733	83,950	66,525
Non-current assets	**79,664**	70,367	66,649	63,346	63,707
	168,303	155,044	155,382	147,296	130,232
Statistics					
Dividends (cents)	**19**	29	32	32	37
Earnings per share (cents)	**25.6**	31.5	35.1	44.0	32.3
Return on sales	**4.5%**	6.0%	7.0%	8.9%	7.3%
Return on equity	**15.9%**	20.0%	22.2%	28.4%	22.7%
Working capital (times)	**1.9**	1.9	2.3	2.2	2.1
Net tangible assets per share	**$1.38**	$1.35	$1.35	$1.33	$1.20
Equity to total assets	**53.0%**	56.0%	62.2%	62.5%	65.4%
Gearing (debt to debt plus equity)	**37.1%**	33.4%	24.4%	24.3%	20.7%
Net interest cover (times)	**6.6**	10.1	15.6	21.3	25.4
Ordinary shareholders	**7,790**	8,022	8,253	8,360	8,163
Employees	**835**	881	907	787	762

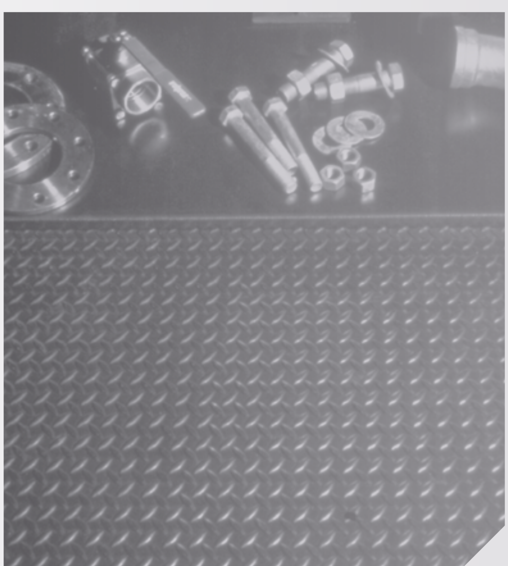
EBITDA – Earnings before interest, tax, depreciation and amortisation.
EBIT – Earnings before interest and tax.





Steel & Tube



Steel & Tube Holdings Limited

15-17 Kings Crescent, Lower Hutt
Private Box 30-543, Lower Hutt

Works Laser is 100% recycled paper, made up of 30% pre-consumer printer and converting waste and 70% post-consumer waste from old milk cartons. The recycled pulp is elemental chlorine free.

ISO CERTIFICATION
ECF ELEMENTAL CHLORINE FREE
RECYCLED CONTENT