



STEEL & TUBE

HALF YEARLY REPORT 2002

DIRECTORS' REPORT

OF STEEL & TUBE HOLDINGS LIMITED AND SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2002

Results

Your Directors are pleased to report that the result for the six months ended 31 December 2002 was an after tax profit of \$10.95 million. This is an improvement of 22% or \$1.94 million when compared with the previous period although total revenue was \$16.5 million less.

The New Zealand operations increased revenue by \$12.7 million, although this was offset by the \$29.2 million revenue attributable to the Canadian steel distribution business, A J Forsyth & Company for the period up to the point it was sold in October 2001.

Dividend

The Directors have declared a dividend of 11 cents per share which will be paid on 14 March 2003 to holders of fully paid ordinary shares registered at 7 March 2003. The amount payable is \$9.7 million. This dividend carries full imputation credits and a supplementary dividend of 1.94 cents will be paid to non-resident shareholders.

Performance

For the six months to December 2002, the New Zealand operations increased its net profit by \$1.90 million or 21% on a sales revenue increase of 8% compared with the same period last year.

There was strong demand for the Company's goods and services from all regions. Positive trading conditions led by consumer spending, and a buoyant residential construction market, along with internal efficiency gains, enabled the Steel Distribution and Roofing operations to increase its profits during this period.

Although the commercial construction sector remained flat, the Reinforcing operations aided by a better mix of projects, was able to increase its earnings substantially when compared with the previous period.

Share buy-back

On 18 October 2002, the Company gave notice to the New Zealand Stock Exchange that it would commence its share buy-back programme between the period 24 October 2002 and 23 September 2003. The Company advises that, to date, it has not purchased any shares under its buy-back programme because of the limited volume on offer, and the procedural safeguards adopted by the Board in respect of when and in what circumstances shares can be purchased as stated in the disclosure document dated 9 September 2002.

Outlook

No significant change is expected in the overall trading environment, therefore, expectations are for a similar result in the second half of the year.



DR BOB EVERY
CHAIRMAN



MR NICK CALAVRIAS
CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

OF STEEL & TUBE HOLDINGS LIMITED AND SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2002

	6 months ended 31 Dec 2002	6 months ended 31 Dec 2001	12 months ended 30 Jun 2002
	\$000	\$000	\$000
Sales			
Continuing activities	161,336	148,654	301,320
Discontinued activities	-	29,234	29,234
	161,336	177,888	330,554
Earnings before interest and tax			
Continuing activities	17,190	15,305	29,775
Discontinued activities	-	162	162
	17,190	15,467	29,937
Interest income	22	105	196
Interest expense	(367)	(1,310)	(1,626)
Profit before tax	16,845	14,262	28,507
Tax expense	(5,895)	(5,433)	(10,400)
Profit after tax	10,950	8,829	18,107
Minority interest in loss of subsidiary	-	177	177
Profit attributable to the shareholders of the parent company	10,950	9,006	18,284

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

OF STEEL & TUBE HOLDINGS LIMITED AND SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2002

	6 months ended 31 Dec 2002	6 months ended 31 Dec 2001	12 months ended 30 Jun 2002
	\$000	\$000	\$000
Equity at beginning of period	123,532	148,103	148,103
Net profit for the period	10,950	9,006	18,284
Foreign currency translation reserve movement	-	(5,520)	(5,520)
Total recognised revenue and expenses	10,950	3,486	12,764
Transfer of foreign currency translation reserve to retained earnings	-	4,805	4,805
Decrease in minority interest	-	(17,798)	(17,798)
Increase in paid up capital	11	-	236
Dividends paid	(8,787)	(16,678)	(24,578)
Equity at end of period	125,706	121,918	123,532

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF STEEL & TUBE HOLDINGS LIMITED AND SUBSIDIARIES
AS AT 31 DECEMBER 2002

	31 Dec 2002	31 Dec 2001	30 Jun 2002
	\$000	\$000	\$000
Equity			
Paid up share capital	69,648	69,401	69,637
Retained earnings	56,058	52,517	53,895
Shareholders' funds	<u>125,706</u>	<u>121,918</u>	<u>123,532</u>
Current liabilities			
Borrowings	3,223	5,000	6,626
Payables and accruals	27,059	24,978	29,221
	<u>30,282</u>	<u>29,978</u>	<u>35,847</u>
	<u>155,988</u>	<u>151,896</u>	<u>159,379</u>
Non-current assets			
Fixed assets	37,779	37,817	38,098
Goodwill	10,314	6,435	11,030
Future income tax benefit	4,236	3,534	4,152
Long term receivables	182	424	–
	<u>52,511</u>	<u>48,210</u>	<u>53,280</u>
Current assets			
Cash in bank	–	6,850	–
Receivables and prepayments	55,028	49,416	58,473
Inventories	48,449	47,420	47,626
	<u>103,477</u>	<u>103,686</u>	<u>106,099</u>
	<u>155,988</u>	<u>151,896</u>	<u>159,379</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

OF STEEL & TUBE HOLDINGS LIMITED AND SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2002

	6 months ended 31 Dec 2002	6 months ended 31 Dec 2001	12 months ended 30 Jun 2002
	\$000	\$000	\$000
Cash flows from operating activities			
Cash was provided from/(applied to):			
Receipts from customers	163,941	183,208	331,055
Interest received	22	105	196
Payments to suppliers and employees	(145,220)	(156,389)	(284,237)
Income taxes paid	(4,059)	(4,909)	(10,982)
Interest paid	(367)	(1,310)	(1,626)
Other taxes paid	-	(766)	(766)
Net cash flow from operating activities	14,317	19,939	33,640
Cash flows from investing activities			
Cash was provided from/(applied to):			
Sale of fixed assets	523	328	896
Proceeds from disposal of subsidiary	-	16,795	16,795
Purchase of subsidiary	-	-	(11,547)
Purchase of fixed assets	(2,661)	(2,183)	(5,717)
Net cash flow (to)/from investing activities	(2,138)	14,940	427
Cash flows from financing activities			
Cash was provided from/(applied to):			
Borrowings	-	640	(4,360)
Share capital paid up	11	-	236
Minority interest share of dividends from disposed subsidiary	-	(3,519)	(3,519)
Dividends paid to majority shareholder	(4,451)	(8,457)	(12,463)
Dividends paid to other shareholders	(4,336)	(8,221)	(12,115)
Net cash flow to financing activities	(8,776)	(19,557)	(32,221)
Net cash flow	3,403	15,322	1,846
Cash at beginning of period	(6,626)	(8,472)	(8,472)
Cash at end of period	(3,223)	6,850	(6,626)
Cash is comprised of:			
Bank overdraft/call borrowings	(3,223)	-	(6,626)
Cash in bank	-	6,850	-
	(3,223)	6,850	(6,626)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

OF STEEL & TUBE HOLDINGS LIMITED AND SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2002

	6 months ended 31 Dec 2002	6 months ended 31 Dec 2001	12 months ended 30 Jun 2002
	\$000	\$000	\$000
Reconciliation of profit after tax to cash flow from operating activities			
Profit after tax	10,950	8,829	18,107
Add/(less) items classified as investing or financing activities:			
Gain on sale of fixed assets	(29)	(29)	(41)
Gain on disposal of subsidiary	-	(1,422)	(1,422)
	(29)	(1,451)	(1,463)
Add/(less) non-cash items:			
Depreciation	2,489	3,070	5,613
Bad debts written off	113	1,401	1,544
Amortisation of goodwill	716	749	1,377
Increase in future income tax benefit	(84)	(557)	(944)
	3,234	4,663	7,590
Movements in working capital items:			
Increase/(decrease) in income tax payable	1,920	315	(404)
Decrease/(increase) in receivables and prepayments	3,148	6,214	(704)
(Decrease)/increase in payables and accruals	(4,083)	(1,439)	3,688
(Increase)/decrease in inventories	(823)	1,347	5,139
Movements in working capital classified as investing or financing activities	-	1,461	1,687
	162	7,898	9,406
Net cash flow from operating activities	14,317	19,939	33,640

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 31 DECEMBER 2002

1. Statement of accounting policies

The accounting policies applied in the preparation of the interim financial statements are consistent with those used in the annual report for the twelve months ended 30 June 2002.

These interim financial statements are prepared in accordance with FRS-24: Interim Financial Statements and should be read in conjunction with the previous annual report for the twelve months ended 30 June 2002.

	As at 31 Dec 2002	As at 31 Dec 2001	As at 30 Jun 2002
	\$000	\$000	\$000
2. Operating lease commitments:			
Within 1 year	3,795	3,795	4,075
Within 1-2 years	3,375	3,459	3,362
Within 2-5 years	7,290	8,184	7,768
Beyond 5 years	1,414	2,549	1,391
	15,874	17,987	16,596
3. Contingent liabilities			
Guarantees under contracts and other contingent liabilities of the Group	2,560	753	3,000

DIRECTORY

Steel & Tube Holdings Limited

15-17 Kings Crescent, Lower Hutt
Private Box 30-543, Lower Hutt
Chief Executive Officer, Nick Calavrias
Company Secretary, Tony Candy
Website: www.steelandtube.co.nz

Steel & Tube Distribution & Processing

Executive General Manager and
Chief Executive Officer, Nick Calavrias
General Manager Northern Region, Jon Gousmett
General Manager Central & Southern Region,
Terry Carter

Steel & Tube Fastening Systems

General Manager, Jim Peterson

Steel & Tube Piping Systems

General Manager, Guy Manning

Steel & Tube Reinforcing & Fabrication

General Manager, Roger O'Neill

Steel & Tube Roofing Products

General Manager, Mark Winnard

