STEEL & TUBE HOLDINGS LIMITED

1992

ANNUAL REPORT

1992

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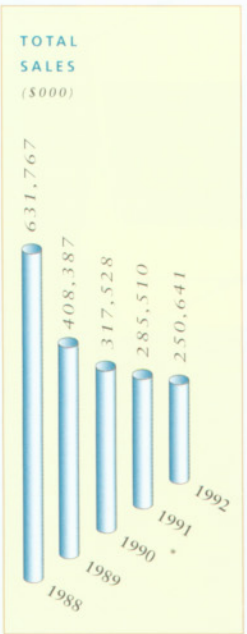
Directors' Report



The profit after tax of $8.0m was 91% ahead of last year's profit before extraordinary items of $4.2m. This result was achieved despite a 12% drop in sales from $286m to $251m. Although sales in steel merchandising were lower, an improved profit was earned. The contracting operations also had higher earnings, mainly due to a lift in Robt Stone's performance. Motorcorp Holdings Limited (50% owned) had an unprofitable year, which is a reflection of the prevailing state of the car market.

Although economic conditions during the year were difficult, there are signs of some recovery. The Group has been able to reduce its operating costs further and has made savings in interest charges due to significant reductions in working capital levels and declining rates of interest.

Dividends

An interim dividend of 7 cents per share and a special dividend of 10 cents per share were paid in March 1992.

The dividends declared for the year totalled $14.754m and the Directors have decided not to recommend payment of a final dividend.

Strategic Action and Developments

The decision made in 1988 for the Group to concentrate on its core business has proved successful. The year under review was notable in that there was no major restructuring of any Division in the Group. The benefits of the action taken in previous years are now apparent and the Group is well positioned to take advantage of the first signs of a recovery in the economy.

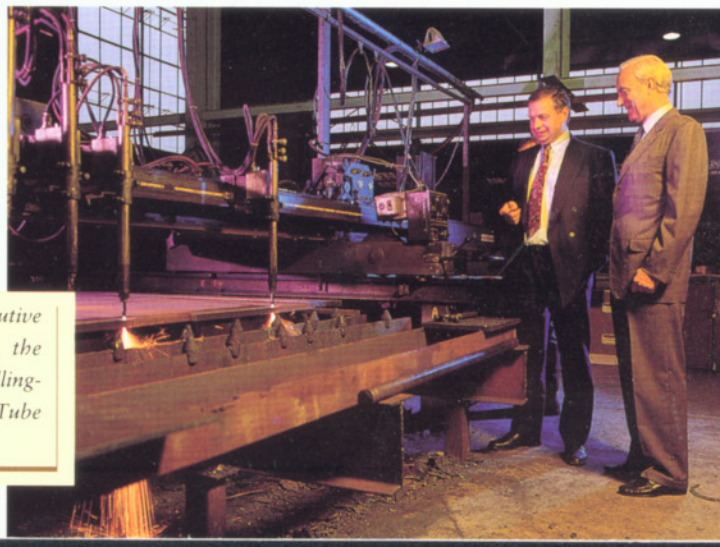
Although economic conditions during the year were difficult, there are signs of some recovery.

In October the business activities of Steel & Tube New Zealand Limited, MacEwans Machinery Limited, CP Reinforcing Limited, and Robt Stone & Company Limited, were transferred to the parent company Steel & Tube Holdings Limited. The Group gained administrative efficiencies and associated cost reductions.

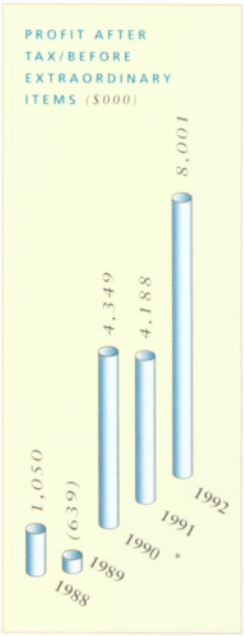
Victaulic grooved valves and fittings were utilized throughout the Wellington Civic Centre Complex. Shown here are the Plaza and New Administration and Library Blocks.

Below:
Wellington Civic Centre main plant room.

Over 1000 tonne of reinforcing steel was supplied by CP Reinforcing for the Wellington High Court.



Nick Calavrias, the Chief Executive Officer showing Keith Cocks, the Chairman of the Board, the Wellington Branch Operation of Steel &Tube New Zealand.



This formation of Divisions means certain of the comparative figures in the parent company balance sheet are not strictly comparable as at 31 March 1992.

On 1 April 1992 the Group acquired Stewart Steel Limited, a steel merchant with branches in Christchurch, Auckland and Hamilton which strengthens Steel & Tube Holdings position as the leading distributor of steel and allied products in New Zealand.

Development opportunities, particularly in industries close to the Group's core activities, continue to be explored.

Financial Position

At year end, Shareholders' Funds stood at $108m. The sale of investments during the year, coupled with more efficient use of working capital, contributed to a major reduction in interest bearing debt which, after allowing for funds on deposit at 31 March 1992, stood at 9% of Shareholders' equity, compared to 47% the previous year.

Outlook

The restructuring that has taken place in recent years, has enabled the Group to withstand the severe economic downturn in business activity and has provided a sound foundation for future growth.

The consumption of steel products in New Zealand continued to decline in 1991/92. The fall appears to have been arrested and Steel & Tube Holdings is well positioned to take advantage of any uplift in the economy.

Human Resources

Employee numbers again reduced. At year end there were 795 employees compared with 1,018 a year earlier. Changes continue to place pressure on all employees and the Directors are extremely pleased with their response during these difficult times and acknowledge their continued co-operation and dedication.

The restructuring that has taken place in recent years, has enabled the Group to withstand the severe economic downturn in business activity and has provided a sound foundation for future growth.

The Group has introduced the Total Quality Management process to improve customer service and the Divisions within the Group have registered for accreditation to ISO 9002.

Directors

Under the Articles of Association Messrs K T Cocks and R L Every retire by rotation and being eligible, offer themselves for re-election.

Secretarial

Mr P J Gargiulo resigned as General Manager Finance and Company Secretary on 7 February 1992 and Mr A C Candy was appointed as Group Financial Controller/Company Secretary as from that date.

Capital Reserves

Issued capital stands at $43,424,419 (1991 - $43,424,419).

Paid up capital has increased to $43,401,000 at 31 March 1992 (1991 $43,397,000).

Total Shareholders' Funds now standing at $107,936,000 have decreased from last year by $7,295,000 made up as follows:

	$000s
Profit for the year	8,001
Call on Senior Executive Shares	16
Write down on land and buildings	(558)
Dividends of 7 cents (14%) and 10 cents (20%) per share paid 31 March 1992	(14,754)
Total reduction in Shareholders' Funds	7,295

Auditors

The Company's Auditors, Coopers & Lybrand, remain in office in accordance with Section 163(3) of the Companies Act 1953 and it remains for members to authorise the Directors to fix their remuneration.

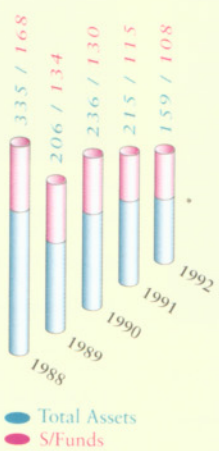
For the Directors

K T COCKS, Chairman

N CALAVRIAS, Chief Executive Officer

5 June 1992

TOTAL ASSETS COMPARED TO SHAREHOLDERS FUNDS ($000)



Board Of Directors

Senior Executives

N Calavrias
Chief Executive Officer & General Manager Merchandising

A C Candy
Group Financial Controller/Company Secretary

T R Donaldson
General Manager
Robt Stone & Company

P A North
General Manager
MacEwans Machinery

R J O'Neill
General Manager
CP Reinforcing

Mr K T Cocks

Appointed Chairman in 1989 and a Director since 1987. Mr Cocks was an Executive Director of Tubemakers of Australia Limited and of several of its associate companies prior to retirement in February 1992.

Mr N Calavrias

In September 1990 Mr Calavrias was appointed an 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.

Mr C R Bidwill

Appointed Director in 1987, Mr Bidwill was a member of the Auckland Stock Exchange for 16 years before retiring as a senior partner of Bidwill, Wakeman, Paine & Co, to become a financial consultant to Atlas Corporation Limited in 1981 and subsequently Managing Director of Atlas and then Ceramco Corporation Limited. Also a Director of Baycorp Holdings Limited. He is a founder Director of the New Zealand Sports Foundation and a member of the New Zealand Business Roundtable.

Mr A B Daniels

A Director since 1985, Mr Daniels is Managing Director of Tubemakers of Australia Limited and several of its associated and subsidiary companies. He is Chairman of JAS-ANZ, the joint accreditation system of Australia and New Zealand. In Australia he is a member of the Business Council of Australia and a Director of the National Training Board.

Mr R L Every

Mr Every was appointed to the Board from Tubemakers of Australia Limited as an Executive Director in 1988. A metallurgist by profession, his experience with Tubemakers has been mainly in steel merchandising. He was Chief Executive Officer of Steel & Tube Holdings Limited from 1 August 1989 until 30 June 1991. In July 1991 he returned to Australia and is now Group General Manager Merchandising with Tubemakers of Australia Limited.

He continues as a non-executive Director.

Mr A S Paterson

Appointed a Director in 1975, Mr Paterson is Chairman of Horowhenua Energy and a Director of Rangatira Limited, New Zealand Petroleum Limited, Nelson Fisheries Limited, and Tru-Test Corporation Limited. Mr Paterson is a Chartered Accountant by profession, but has spent most of his working life in industry and commerce.

Mr D H Tudhope

CMG, DFC

Appointed a Director in 1986, Mr Tudhope was Chairman and Managing Director of Shell Oil New Zealand Limited prior to his retirement. He retired as Chairman of the National Bank of New Zealand Limited in March 1992.

Mr C R Stubbs

(Alternate Director to Mr A B Daniels & Mr R L Every)

Mr Stubbs is an Executive Director of Tubemakers of Australia Limited responsible for Growth & Development. He has professional qualifications in engineering and has had experience in general managership of manufacturing and merchandising operations.

Mr A C Candy

Appointed Company Secretary in February 1992, Mr Candy joined the Company as Financial Controller of the Merchandising Division in 1988.

Group Directory

STEEL & TUBE HOLDINGS LIMITED

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

Chief Executive Officer ..... Mr N Calavrias

Company Secretary ..... Mr A C Candy

MERCHANDISING AND CONTRACTING Trading as:

- Aitchison Black Fasteners
- CP Steel
- Dominion Steel
- Fastening Supplies (1988)
- John Stansfield-Smith & Sons, Melbourne
- Metal Sales
- Nuts and Bolts and Screws
- Steel & Tube New Zealand
- Wellington Fasteners
- Wellington Steel

CP Reinforcing

15-17 Kings Crescent, Lower Hutt

P O Box 38-887, Wellington Mail Centre

Robt Stone & Company

312 Church Street, Auckland

P O Box 40, Auckland

MacEwans Machinery

706 Great South Road, Auckland

P O Box 12-845, Penrose, Auckland

AUTOMOTIVE

Motorcorp Holdings Limited

54 Carbine Road, Auckland

P O Box 14-544, Penrose, Auckland

Trustees for Debenture Holders

The Trustees Executors & Agency Company of New Zealand Limited

National Mutual Life Nominees Limited

Auditors

Coopers & Lybrand

Share and Debenture Registry

Registry Managers (New Zealand) Limited

Private Bag 92119, Auckland 1020

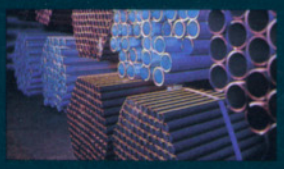
Principal Bankers

ANZ Banking Group (New Zealand) Limited

National Bank of New Zealand Limited

Review of Operations

1992



Merchandising

Reinforcing

Robt Stone & Company

MacEwans Machinery

Automotive

Review Of Operations

Merchandising

The Steel Merchandising Division benefited from steps taken last year to downsize and reduce costs. Continued improvements in all facets of its operations enabled it to trade more efficiently and increase profitability on a lower volume of sales.

Continued improvements in all facets of its operations enabled it to trade more efficiently and increase profitability on a lower volume of sales.

Interest costs were lower, due to the better utilization of working capital, combined with the lower cost of funding.

As a consequence of the above, employee numbers reduced by 33 during the year.

Mike Carpenter operating the six head profile cutter at the Northern Region Service Centre.

Reinforcing

The Reinforcing Division, which relies on major projects, capital works and high rise buildings, encountered another depressing year.

A scarcity of work led to unrealistic pricing by all operators, resulting in a number leaving the industry.

To further reduce costs, Head Office was relocated to Lower Hutt and all operating branches within the steel merchandising premises.

Employee numbers decreased by 11 during the year in line with the reduction of work available.

The Division is now well positioned to improve its situation in the coming year.

Robt Stone & Company

This year, Robt Stone increased its levels of activity in most areas which resulted in a return to acceptable profits for the Division.

Regretfully, due to the unavailability of regular work, the Division closed the Tokoroa operations and with various contracts completed during the year, employee numbers were further reduced by 99.

Robt Stone has commenced the new financial year with a sizeable forward workload.

The Company continues to take a leading role in servicing the petrochemical industry with extensive continuing contracts for Shell Todd Oil Services Limited in Taranaki.

Several large contracts were successfully completed during this period amongst which

Steel supplied by Steel & Tube New Zealand, Christchurch Branch plays a large part in the Mt Cavendish Gondola Project.

Palmerston North Branch of Steel & Tube New Zealand supplied the steel required for this 17 metre steel trawler, the Hartstone Raglan, nearing completion in the premises of Wanganui Engineering Limited.

Paul Armstrong (left) and Phil Stothers loading the steel sheeting line at the Northern Region Service Centre.

The shortly to be launched Rover 800 Sterling. A car to satisfy drivers looking for all-round style plus top range performance.

were, the Hydrogen Peroxide Plant at Morrinsville for Du Pont (New Zealand) Ltd and the Bleach Plant Project at Kinleith for New Zealand Forest Products.

Robt Stone has commenced the new financial year with a sizeable forward workload.

MacEwans Machinery

The Group's Process Engineering Division continued to feel the effects of a decline in capital investment during the year which affected the year end result.

The process control and instrumentation activities carried out by W Arthur Fisher, were sold in November 1991 to a company associated with the management and staff of that business.

Motorcorp Holdings Limited

The increased importation of Japanese used cars has been the main cause for the collapse of the new car market in New Zealand with registrations being the lowest for 25 years.

Special campaigns with lower selling prices for Motorcorp vehicles in the October to December period saw a major reduction in stocks of cars but combined with a further writedown of parts inventory contributed to a greater than expected loss for the year.

This year's launch of the new Land Rover Model "Discovery" and the Renault Clio together with the introduction of the Rover 800 series and Renault Safrane in 1992/93 should see improved results.

The operations were in much improved condition by year end. The successful launch during the year of the new Land Rover Model "Discovery" and the Renault Clio was undertaken while the introduction of new Rover 800 series and Renault Safrane expected during 1992/93 should see considerably better results.

New Zealand Steel

At year end the preference shares held by the Group in New Zealand Steel Holdings Limited were sold and the investment of $26m was recovered. The ordinary shareholding was sold soon after for the issue price of $6.925m.

New pipe work installed by Robt Stone at the Maui Production Station, Oaonui, for Shell Todd Oil Services Limited.

Steel pipe being installed in a Christchurch City Drainage Project.

Land Rover Discovery - The British Design Award Winner in 1991. The ultimate 4-wheel drive vehicle.

The merchandising store at Wellington Branch of Steel & Tube New Zealand.

General view of pipework associated with the gas driven generating sets at the Greenmount Landfill Gas Station installed by Robt Stone for the Auckland Electric Power Board.

High Volume Dixie Vac machine, supplied by MacEwans Machinery, packing Tararua cheese at Tui Milk Products Woodville Factory.

Coopers & Lybrand

chartered accountants

GPO Box 243
UDC Tower
113-119 The Terrace
Wellington
New Zealand

a member firm of
Coopers & Lybrand (International)

To the Members of Steel & Tube Holdings Limited

The balance sheet of the Company set out on page18 is in agreement with the accounting records which, in our opinion, have been properly kept. We obtained the information and explanations we required.

In our opinion, the financial statements set out on pages 16 to 26 give, under the historical cost convention (including the revaluation of certain assets), a true and fair view of the state of affairs of the Company and of the Group at 31 March 1992 and of the profit and cash flows of the Group for the year ended on that date and they comply with the Companies Act 1955.

5 June 1992

Wellington, NZ

Coopers & Lybrand

Chartered Accountants

Consolidated Statement of Profit and Loss

of Steel & Tube Holdings Limited and its subsidiaries for the year ended 31 March 1992

	Notes	1992		1991	
		$000s	**$000s**	$000s	$000s
SALES	3		**250,641**		285,510
Profit before tax	4		**10,807**		4,763
Less Tax	5		**4,007**		985
Profit after tax			**6,800**		3,778
Minority interests share of loss			**(1,012)**		(329)
			7,812		4,107
Share of profits of associate companies		**391**		249	
Less tax		**162**		78	
		229		171	
Less dividends received		**40**		90	
			189		81
Profit before extraordinary items			**8,001**		4,188
Extraordinary Items	6		**-**		(7,705)
PROFIT/(LOSS) FOR YEAR AFTER TAX					
ATTRIBUTABLE TO SHAREHOLDERS	7		**8,001**		(3,517)
Retained Profits at 1 April			**20,991**		28,848
			28,992		25,331
Dividends	8		**(14,754)**		(4,340)
RETAINED PROFITS AT 31 MARCH	11		**$14,238**		$20,991

This statement is to be read in conjunction with the notes on pages 20 to 26 and the Audit Report on page 15.

Consolidated Balance Sheet

of Steel & Tube Holdings Limited and its subsidiaries as at 31 March 1992

	Notes	1992 $000s	1991 $000s
SHAREHOLDERS' FUNDS			
Issued and Paid Up Capital	9	**43,401**	43,397
Capital reserves	10	**50,297**	50,843
Retained profits	11	**14,238**	20,991
		107,936	115,231
MINORITY INTERESTS		**909**	1,921
TERM LIABILITIES	12	**10,000**	-
CURRENT LIABILITIES			
Bank overdrafts		**5,303**	2,886
Accounts payable	13	**25,693**	36,167
Bills payable	14	**8,992**	54,835
Proposed dividend	8	**-**	4,340
		39,988	98,228
		$158,833	$215,380
FIXED ASSETS	15	**45,507**	53,020
INVESTMENTS			
Associate companies	16	**1,451**	1,396
Other investments	17	**6,974**	33,087
		8,425	34,483
GOODWILL	18	**7,754**	8,813
DEFERRED TAX		**4,508**	8,213
CURRENT ASSETS			
Short term deposits		**14,964**	5,031
Accounts receivable and prepayments	19	**36,044**	45,960
Inventory and work in progress	20	**41,631**	59,860
		92,639	110,851
		$158,833	$215,380

For the Directors

K T COCKS
Chairman

N CALAVRIAS
Chief Executive Officer

This statement is to be read in conjunction with the notes on pages 20 to 26 and the Audit Report on page 15.

Balance Sheet

of Steel & Tube Holdings Limited as at 31 March 1992

	Notes	1992 $000s	1991 $000s
SHAREHOLDERS' FUNDS			
Issued and Paid Up Capital	9	**43,401**	43,397
Capital reserves	10	**50,297**	50,285
Retained profits	11	**14,238**	21,549
		107,936	115,231
TERM LOANS FROM SUBSIDIARIES		**160,474**	114,712
TERM LIABILITIES	12	**10,000**	-
CURRENT LIABILITIES			
Bank overdrafts		**5,663**	322
Accounts payable	13	**19,916**	5,355
Bills payable	14	**5,692**	46,772
Due to subsidiaries		**637**	5,500
Proposed dividend	8	**-**	4,340
		31,908	62,289
		$310,318	$292,232
FIXED ASSETS	15	**8,655**	385
INVESTMENTS			
Shares in subsidiaries		**142,605**	153,219
Advances to subsidiaries		**69,644**	106,275
Associate companies	16	**1,451**	-
Other investments	17	**38**	149
		213,738	259,643
DEFERRED TAX		**2,467**	1,169
GOODWILL		**1,755**	-
CURRENT ASSETS			
Short term deposits		**14,964**	4,200
Accounts receivable and prepayments	19	**33,628**	656
Inventory and work in progress	20	**34,789**	-
Due from subsidiaries		**322**	26,179
		83,703	31,035
		$310,318	$292,232

For the Directors

K T COCKS
Chairman

N CALAVRIAS
Chief Executive Officer

This statement is to be read in conjunction with the notes on pages 20 to 26 and the Audit Report on page 15.

Statement of Cash Flows

of Steel & Tube Holdings Limited and its subsidiaries for the year ended 31 March 1992

	1992		1991	
	$000s	**$000s**	$000s	$000s
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers	**256,599**		294,411	
Taxes refunded	**-**	**256,599**	113	294,524
Cash was disbursed to:				
Payments to suppliers and employees		**(220,798)**		(246,365)
Net cash flow from operating activities		**35,801**		48,159
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of investments & assets	**28,178**		2,291	
Dividends from associates	**40**		90	
Income from investments	**7,698**		628	
	35,916		3,009	
Cash was applied to:				
Purchase of fixed assets	**(2,937)**		(2,862)	
Investments in shares of subsidiaries	**-**		(11,198)	
Restructuring costs	**(2,262)**		(3,448)	
	(5,199)		(17,508)	
Net cash flow from/(to) investing activities		**30,717**		(14,499)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from term liabilities	**10,000**		-	
Proceeds from call on shares	**16**		-	
	10,016		-	
Cash was applied to:				
Settlement of short term liabilities	**(45,843)**		(5,045)	
Payment of dividend	**(19,094)**		(4,351)	
Interest paid on debt	**(4,081)**		(9,547)	
	(69,018)		(18,943)	
Net cash flow from/(to) financing activities		**(59,002)**		(18,943)
Net increase in cash held		**7,516**		14,717
Opening cash brought forward		**2,145**		(12,572)
Closing cash carried forward		**$9,661**		$2,145

1 STATEMENT OF ACCOUNTING POLICIES

Accounting Entity

The accounts presented are those of Steel & Tube Holdings Limited and its subsidiaries.

General Accounting Policies

The General accounting policies recognised as appropriate in the preparation of these financial statements are:
The measurement base adopted is that of historical cost with the exception that land, buildings and investments have been revalued.
Reliance has been placed on the assumption that the entity is a going concern.
Revenues earned are matched with expenses incurred using accrual accounting.
The following particular accounting policies which materially affect the financial position have been applied and are unchanged from last year:

(a) Basis of Consolidation

The consolidated financial statements are prepared from the accounts of the parent company and its subsidiaries as at 31 March 1992. The purchase method is applied for the purpose of consolidation and all significant intercompany transactions are eliminated on consolidation. The revaluation of assets reserve in the parent company reflects the increase in its share of the subsidiaries' shareholders' funds since acquisition.
For associate companies (see note 16) the Group adopts the equity method of accounting.

(b) Goodwill

The excess of the cost of shares in subsidiary companies over the fair value of net assets acquired is capitalised. Provided that the directors are satisfied as to the goodwill it is carried forward and amortised over a period of ten years. These matters are reviewed by the directors annually.

(c) Fixed Assets

Land and buildings are valued from time to time at 90% of market value as certified by independent registered valuers or in particular circumstances, at a lesser value considered to be appropriate by the directors. All land and buildings were revalued at 31 March 1991. Revaluation surpluses are transferred to revaluation of assets reserve. Plant and other assets are recorded at cost less accumulated depreciation.

(d) Depreciation

Depreciation of all fixed assets, except freehold land, is calculated on the straight line method at rates which will write off their cost or valuation less their estimated residual values over their expected useful lives. The following are the assessed lives of the major categories of fixed assets:

Buildings	Average 50 years
Motor vehicles	5 to 8 years
Plant and machinery	3 to 10 years
Office equipment	3 to 10 years

(e) Investments (see note 17)

Investments in subsidiary companies are revalued to reflect the parent company's share of their net underlying assets. Investments in associate companies are valued at cost plus subsequent increases to equate to the Group's share of their net underlying assets. Other investments are valued at cost.

(f) Stock and Work in Progress

Stock is valued at the lower of cost and net realisable value. Cost is established principally on the average cost method which approximates actual cost determined on a FIFO basis. Stocks of own manufacture are valued at direct costs of labour, materials and overhead. Full provision is made for all defective, obsolete and slow moving stock. Long term contracts are valued by application of the percentage of completion method reduced by progress payments received or receivable. Other work in progress is valued at direct cost plus related overheads. Where losses have been identified full provision is made in respect of the estimated loss on the entire contract.

(g) Debtors

Debtors are valued at expected realisable value.

(h) Tax

The liability method of tax-effect accounting is used. The tax charged against the profit for the period is the estimated total liability in respect of that profit calculated at the present rate of company tax. Timing differences arising between the published profit and the taxable income in respect of depreciation, retentions on completed contracts and net profit on work in progress are reflected in the provision for deferred tax. Tax losses are recognised to the extent that they will be recovered in the foreseeable future.

(i) Leasing Commitments

Leasing commitments are charged as expenses when incurred.

(j) Overseas Currency

Overseas currency balances are converted at the rates of exchange ruling at balance date. Exchange gains and losses on overseas currency loans are regarded as part of funding costs and all differences, both realised and unrealised, are treated as arising from the ordinary activities of the business in the period in which the exchange rate changes.

2 BUSINESS ACTIVITIES DURING THE YEAR

The principal business activities of the group during the year included:

- the merchandising of steel products
- the fabrication and installation of steelwork and mechanical plant
- the marketing, installation and servicing of technical products, processes and engineered systems
- the distribution of motor vehicles, parts and accessories

During the year the business activities of Steel & Tube New Zealand Limited, MacEwans Machinery Limited, CP Reinforcing Limited and Robt. Stone & Company Limited were transferred to the parent company Steel & Tube Holdings Limited. For this reason certain of the comparative figures in the parent company balance sheet are not strictly comparable as at the 31 March 1992.

	1992	1991
	$000s	$000s
3 SALES		
Total turnover of Group companies	**252,382**	287,964
less sales to companies within the Group	**1,741**	2,454
Sales to external customers (including export sales of $1,972,000 [1991 $4,209,000])	**$250,641**	$285,510
4 PROFIT BEFORE TAX		
Profit before tax has been arrived at:		
After charging:		
Amortisation of goodwill	**1,059**	974
Audit fees	**311**	411
Depreciation	**3,473**	3,628
Directors' fees	**110**	109
Interest - Fixed loans	**-**	122
- Other	**4,131**	9,440
Net loss on disposal of assets	**749**	81
Provisions for losses against fixed assets	**1,120**	-
Rent and leasing costs	**2,574**	3,955
After Crediting:		
Consulting services	**1,084**	1,500
Currency gains	**103**	163
Dividends	**1,300**	2,604
Dividends from associates	**40**	90
Interest	**233**	628
Net surplus on disposal of investments	**1,907**	-

	1992		1991	
	$000s	**$000s**	$000s	$000s
5 TAX				
Profit before tax		**$10,807**		$4,763
Tax at 33%		**3,566**		1,572
Plus/(less) tax effect of				
Non-assessable income	**(1,253)**		(1,101)	
Non-deductible expenditure	**945**		357	
Under provision in prior years	**81**		(59)	
Benefit of tax losses not recognised	**668**		216	
		441		(587)
Profit and loss tax charge		**$ 4,007**		$985
Taxation payable in respect of the current year		**-**		420
Deferred tax charge in respect of the current year		**4,007**		565
		$4,007		$985
Tax losses of $8,337,000 (1991 $21,361,000) have been carried forward.				

	1992	1991
	$000s	$000s
6 EXTRAORDINARY ITEMS		
Net losses on divestment and provision for further restructuring costs incremental to those provided in prior years	**-**	(7,705)
7 PROFIT/(LOSS) FOR YEAR AFTER TAX ATTRIBUTABLE TO SHAREHOLDERS		
Included in the Group result for the year dealt with in the accounts of Steel & Tube Holdings Limited is a profit of $7,443,374 (1991 a loss of $6,192,208) including dividends from subsidiaries of $14,754,102 (1991 $4,339,442) and writedowns against the investment in subsidiaries of $10,613,996 (1991 $8,734,468).		
8 DIVIDENDS		
Interim dividend of 7 cents per share (14%) on 86,788,838 shares from retained profits.	**6,075**	
Special dividend of 10 cents per share (20%) on 86,788,838 shares from retained profits.	**8,679**	
(Last year 5 cents per share (10%) on 86,788,838 shares from retained profits)	**$14,754**	$4,340
9 SHARE CAPITAL		
Authorised capital 120,000,000 ordinary shares at 50 cents each	**$60,000**	$60,000
Issued capital 1 April	**43,424**	43,424
Less uncalled capital (senior executive share purchase scheme)	**23**	27
Issued and paid up capital 31 March	**$43,401**	$43,397

	Shares	Shares
Shares on issue 31 March	**86,848,838**	86,848,838

Shares issued under the senior executive share purchase scheme qualify for bonus issues but do not have dividend and voting entitlements until fully paid.

	1992		1991	
	$000s	**$000s**	$000s	$000s
10 CAPITAL RESERVES				
Parent Company				
Share premium account				
Balance 1 April	**45,257**		45,257	
Call on Senior Executive Shares	**12**		-	
Balance 31 March		**45,269**		45,257
This account comprises the amount by which the price of shares issued has exceeded the par value of 50 cents per share, less distributions made to shareholders in previous years.				
Capital replacement fund				
Balance 31 March		**5,004**		5,004
Previous High Court approvals to make distributions from the share premium account were conditional upon equivalent amounts being transferred from revenue sources to this fund. The balance equates to the amount distributed from the above premium account.				
Revaluation of assets reserve				
Investments: Balance 31 March		**24**		24
Total parent company capital reserves as at 31 March		**$50,297**		$50,285
Consolidated Share premium account				
Balance 1 April	**45,257**		45,257	
Call on Senior Executive Shares	**12**		-	
Balance 31 March		**45,269**		45,257
Capital replacement fund				
Balance 31 March		**5,004**		5,004
Revaluation of assets reserves				
Land & buildings: Balance 1 April	**558**		7,237	
Write-down to current valuation	**(558)**		(6,679)	
Balance 31 March		**-**		558
Investments: Balance 31 March		**24**		24
Total consolidated capital reserves as at 31 March		**$50,297**		$50,843

	1992 $000s	1991 $000s
11 RETAINED PROFITS		
Parent Company:		
Capital profits	**11,470**	12,936
Revenue profits	**2,768**	8,613
	$14,238	$21,549
Consolidated:		
Capital profits	**28,711**	30,018
Revenue profits	**(15,717)**	(10,082)
Share of associate companies retained profits	**1,244**	1,055
	$14,238	$20,991
12 TERM LIABILITIES (Unsecured)		
Parent Company		
Term loan due for repayment within two years	**$10,000**	-
Consolidated		
Term loan due for repayment within two years	**$10,000**	-

The interest rate on the term loan is 9%

In 1986 the Group entered into an arrangement with the Bankers Trust Pacific Limited which resulted in the obligations for future interest payments and principal repayments under three debenture trust deeds being taken over by that company. As at the 31 March 1992 the residue amount of debt under this arrangement, which is guaranteed by the Rural and Industries Bank of Western Australia, excluded from the consolidated balance sheet and the parent company balance sheet is $3,667,000 and $2,185,000 respectively.

	1992 $000s	1991 $000s
13 ACCOUNTS PAYABLE		
Parent Company		
Accounts payable	**19,693**	5,047
Capital profit deferred on defeasance of debt	**223**	308
	19,916	5,355
Subsidiaries		
Accounts payable	**2,414**	23,196
Provision for restructuring costs	**3,363**	7,616
	$25,693	$36,167
14 BILLS PAYABLE		
Parent Company		
Commercial bills	**4,764**	46,772
Trade bills	**928**	-
	5,692	46,772
Subsidiaries		
Trade bills	**3,300**	8,063
	$8,992	$54,835

Interest rates on commercial and trade bills ranged from 8% to 12% during the year.

	1992 Cost or Valuation $000s	1992 Accumulated Depreciation $000s	1992 Book Value $000s	1991 Book Value $000s
15 FIXED ASSETS				
Parent Company				
Plant and machinery	**9,116**	**5,842**	**3,274**	-
Motor vehicles	**5,326**	**2,616**	**2,710**	203
Furniture, fittings and office equipment	**9,502**	**6,932**	**2,570**	182
Capital work in progress	**101**	**-**	**101**	-
	$24,045	**$15,390**	**$8,655**	$ 385
Consolidated				
Land - freehold	**14,833**	**-**	**14,833**	18,714
Land - leasehold	**300**	**-**	**300**	300
Buildings - freehold	**19,267**	**-**	**19,267**	19,818
Buildings - leasehold	**1,985**	**-**	**1,985**	1,985
Plant & machinery	**9,258**	**5,863**	**3,395**	5,277
Motor vehicles	**5,421**	**2,630**	**2,791**	3,384
Furniture, fittings and office equipment	**9,847**	**7,012**	**2,835**	3,392
Capital work in progress	**101**	**-**	**101**	150
	$61,012	**$15,505**	**$45,507**	$53,020

Land and buildings were valued at 90% of market value as at 31 March 1991 as determined by independent registered valuers with the exception of certain properties, not required in the ongoing business, which have been included at estimated realisable value.

	1992 $000s	1991 $000s
16 ASSOCIATE COMPANIES		
Parent Company		
Associate companies - at cost	**203**	-
Plus subsequent increases in net value equating to retained profit	**1,383**	-
Less write down of associate company	**(135)**	-
	$1,451	$ -

			1992	1991
			$000s	$000s
16 ASSOCIATE COMPANIES CONT...				
Consolidated				
Associate companies - at cost			**203**	203
Plus subsequent increases in net value equating to retained profit			**1,383**	1,193
Less write down of associate company			**(135)**	-
			$1,451	$1,396
At 31 March 1992 associate companies comprised:	Percentage Shareholding	Balance Date		
Wrightcel Packaging NZ Limited	25%	31 March		
Napier Engineering and Contracting Limited	50%	31 March		
17 OTHER INVESTMENTS				
Parent Company				
Shares in other companies (at valuation)			**38**	38
Life insurance policies (at cost)			**-**	111
			38	149
Subsidiaries				
Investment in New Zealand Steel Holdings Limited (at cost)				
Ordinary shares			**6,925**	6,925
10% cumulative convertible redeemable preference shares			**-**	26,000
Other investments (at cost)			**11**	13
			$6,974	$33,087

	1992		1991	
	$000s	**$000s**	$000s	$000s
18 SUMMARY OF THE EFFECTS OF ACQUISITION OF SUBSIDIARIES AND GOODWILL				
Total cash paid for acquisitions		**-**		11,198
Net assets acquired:				
Fixed assets	**-**		5,279	
Net current assets	**-**		8,278	
Term liabilities	**-**		(4,915)	
		-		8,642
Goodwill on acquisition		**-**		2,556
Balance 1 April		**8,813**		7,231
		8,813		9,787
Amortised against profits		**(1,059)**		(974)
Balance 31 March		**$7,754**		$8,813

	1992	1991
	$000s	$000s
19 ACCOUNTS RECEIVABLE AND PREPAYMENTS		
Parent Company		
Accounts receivable	**31,277**	-
Prepayments and other receivables	**2,351**	656
	33,628	656
Subsidiaries		
Accounts receivable	**1,305**	39,540
Prepayments and other receivables	**1,111**	5,764
	$36,044	$45,960
20 INVENTORY AND WORK IN PROGRESS		
Parent Company		
Inventory and work in progress	**57,557**	-
Less progress claims	**(22,768)**	-
	34,789	-
Subsidiaries		
Inventory	**6,842**	88,173
Less progress claims	**-**	(28,313)
	$41,631	$59,860

21 OPERATING LEASE COMMITMENTS

The Group has operating leases with lease terms in excess of one year in respect of land and buildings.

At 31 March 1992 the aggregate lease commitment was as follows:

	1992 $000s	1991 $000s	**1992 $000s**	1991 $000s
	Parent Company		**Consolidated**	
(i) due within one year	**3,478**	1,471	**3,478**	3,549
(ii) due later than one year and not later than two years	**2,970**	1,412	**2,970**	3,234
(iii) due later than two years and not later than five years	**7,725**	3,525	**7,725**	7,237
(iv) due later than five years	**4,997**	4,545	**4,997**	7,678
	$19,170	$10,953	**$19,170**	$21,698

22 RELATED PARTY DISCLOSURES

During the reporting period transactions were conducted with the following related party:

Tubemakers of Australia Limited and subsidiaries (Tubemakers)(holder of 49.98% of the voting securities of Steel & Tube Holdings Limited)

The Group sourced 3% of its purchases from Tubemakers. As a result the Group at balance date owed Tubemakers $305,486 due in April 1992. During the reporting period an interest-free advance previously included in creditors of $4,691,686 was repaid. (31 March 1991 balance $3,890,576). All other transactions with Tubemakers were conducted on an arm's length basis and on normal commercial terms.

23 CONTINGENT LIABILITIES

The Group has contingent liabilities of $700,000 (March 1991 $202,000). Guarantees under contracts and other contingent liabilities of the parent company total $759,333 (March 1991 $8,949,551). At 31 March 1991 $2,982,046 of this related to bank overdrafts of subsidiary companies, the balances of which had been taken up in the consolidated balance sheet. These overdrafts were guaranteed in terms of the negative pledges issued in favour of the Group's bankers. These are nil at 31 March 1992.

24 CAPITAL COMMITMENTS

On 1 April 1992 Steel & Tube New Zealand Limited, a subsidiary of Steel & Tube Holdings Limited, entered into an agreement to purchase all the shares in the capital of Stewart Steel Limited for $7,500,000. (1991 Nil)

25 POST BALANCE DATE EVENT

In April 1992 the Group sold its ordinary shares in New Zealand Steel Holdings Limited to a subsidiary of The Broken Hill Proprietary Company Limited at cost.

26 FINANCIAL REPORTING FOR SEGMENTS

A. Industry Segments

	Merchandising and Contracting		Automotive		Corporate activities and investments		Eliminations		Consolidated	
	1992 $000s	1991 $000s	**1992 $000s**	1991 $000s	**1992 $000s**	1991 $000s	**1992 $000s**	1991 $000s	**1992 $000s**	1991 $000s
Sales to customers outside the Group	**215,566**	247,942	**35,075**	37,568	**-**	-	**-**	-	**250,641**	285,510
Intersegment Sales	-	1,961	**631**	492	**-**	-	**(631)**	(2,453)	**-**	-
Total Sales	**215,566**	249,903	**35,706**	38,060	**-**	-	**(631)**	(2,453)	**250,641**	285,510
Segment Result	**14,962**	13,643	**31**	(890)	**957**	1,901	**-**	-	**15,950**	14,654
Unallocated Income/ (Expenses)										
Fixed loan & Other interest									**(4,131)**	(9,562)
Taxation									**(4,007)**	(985)
Associate equity income									**189**	81
Extraordinary Items									**-**	(7,705)
Total Unallocated Expenses									**7,949**	18,171
Profit/(loss) attributable to Shareholders									**8,001**	(3,517)
Segment Assets	**114,784**	129,772	**24,727**	45,806	**19,322**	39,802	**-**	-	**158,833**	215,380

B. Geographical Segments

In excess of 90% of the company's activities are carried out within New Zealand.

SHAREHOLDER STATISTICS

as at 2 June 1992

CENSUS OF SHAREHOLDERS

SIZE OF HOLDINGS	No of Shareholders	No of Shares	%
1-500	1,643	319,722	0.4
501-1000	1,201	786,681	0.9
1001-5000	1,745	3,752,308	4.3
5001-10000	311	2,031,182	2.3
10001-50000	159	2,939,607	3.4
50001-100000	18	1,133,456	1.3
Over 100000	22	75,825,882	87.4
	5,099	86,788,838	100.0

LOCATION	No of Shareholders	No of Shares	%
Auckland	2,022	69,782,402	80.4
Hawkes Bay/Taranaki	390	724,954	0.8
Wellington	1,121	12,207,714	14.1
Nelson/Marlborough/Westland	185	272,402	0.3
Canterbury	800	2,660,530	3.1
Otago/Southland	458	945,120	1.1
Overseas	123	195,716	0.2
	5,099	86,788,838	100.0

TWENTY LARGEST SHAREHOLDERS

At 2 June 1992 the twenty largest shareholders held 87.13% of the issued shares. The twenty largest holders are as follows:

Tubemakers of New Zealand Limited	43,375,424	49.98
Ceramco Investments Limited	20,793,138	23.96
Westpac Nominees NZ Limited	2,210,550	2.54
ANZ Nominees Limited	1,982,396	2.28
NMFM Nominees Limited	1,970,700	2.27
The National Mutual Life Association of Australasia Limited	1,020,300	1.17
National Nominees Limited	831,300	0.95
BNZ Nominees Limited	672,948	0.77
Charles Robert Bidwill	500,000	0.57
Oceanic Life Limited	469,200	0.54

Martin Leo Coffey	327,415	0.37
Folio Nominees NZ Limited	259,000	0.29
CS First Boston NZ Scrip Limited	207,311	0.23
ANZMAC Securities (NZ) Nominees	200,000	0.23
Windley Nominees Limited	188,400	0.21
Mary Elizabeth Wells	150,000	0.17
Citibank Nominees (New Zealand) Limited	147,800	0.17
Folio Nominees (NZ) Limited No. 2 Account	120,000	0.13
Avalon Secretarial Services Limited	100,000	0.11
Nicholas Calavrias	100,000	0.11

SUBSTANTIAL SECURITY HOLDERS

According to the file kept by the Company in terms of section 25 of the Securities Amendment Act 1988, the names of persons who are substantial security holders and the number of voting securities in which they have a relevant interest at 2 June 1992 are as follows:

	Fully Paid ordinary shares held	Percentage of total shares on issue
Name		
Tubemakers of Australia Limited	43,375,424	49.98
Ceramco Corporation Limited	20,793,138	23.96
Securities on issue comprise:		
Fully paid ordinary shares carrying full voting rights		86,788,838
Senior executive share purchase scheme shares (which do not have voting entitlements until fully paid)		60,000
		86,848,838

DIRECTORS' SHAREHOLDINGS INCLUDING THOSE HELD BENEFICIALLY

	As at 31 March 1992 Ordinary Fully Paid	As at 31 March 1991 Ordinary Fully Paid
* K T Cocks	2,000	2,000
C R Bidwill	500,000	300,000
† * N Calavrias	200,000	100,000
A B Daniels	2,000	2,000
R L Every	2,000	2,000
A S Paterson	6,712	6,712
D H Tudhope	3,836	3,836

* These Directors are also Trustees of the Steel & Tube Group Employee Share Purchase Scheme and various Group superannuation schemes and thereby have non-beneficial interest in 58,540 ordinary fully paid shares.

† 100,000 of these shares are held under a beneficial interest.

Comparative Review

	Note	1992 $000s	1991 $000s	1990 $000s	1989 $000s	1988 $000s
SALES		**250,641**	285,510	317,528	408,387	631,767
PROFITS						
Net profit/(loss) before tax		**10,807**	4,763	6,098	(1,813)	(2,251)
Tax		**4,007**	985	1,827	539	(1,911)
Net tax-paid profit/(loss)		**6,800**	3,778	4,271	(2,352)	(340)
Minority interests		**(1,012)**	(329)	-	(1,870)	(1,726)
		7,812	4,107	4,271	(482)	1,386
Retained profits in associate companies		**189**	81	78	(157)	(336)
Extraordinary items		**-**	(7,705)	-	(6,122)	(4,847)
Total Group profit/(loss) after tax		**8,001**	(3,517)	4,349	(6,761)	(3,797)
Dividends		**14,754**	4,340	4,351	21,676	-
Reduction in retained profits		**(6,753)**	(7,857)	(2)	(28,437)	(3,797)
FINANCIAL POSITION						
Paid up capital		**43,401**	43,397	43,397	43,367	43,357
Current assets		**92,639**	110,851	129,338	124,527	235,702
Current liabilities		**39,988**	98,228	106,720	72,077	149,996
Net current assets		**52,651**	12,623	22,618	52,450	85,706
Total assets		**158,833**	215,380	236,487	206,185	355,310
Total liabilities		**50,897**	100,149	106,720	72,077	187,728
Shareholders' funds		**107,936**	115,231	129,767	134,108	167,582
(figures in brackets are negatives)						
STATISTICS	Note					
Dividends paid in cents per share		**17.0**	5.0	5.0	25.0	-
Times dividend covered		**0.6**	-	1.0	-	-
Earnings in cents per share	(1)	**9.2**	(4.0)	5.0	(7.8)	(4.4)
Percentage return on:						
Sales		**3.2**	(1.2)	1.4	(1.7)	(0.6)
Shareholders' funds at year end		**7.4**	(3.1)	3.4	(5.0)	(2.3)
Total assets at year end		**5.0**	(1.6)	1.8	(3.3)	(1.1)
Current assets to current liabilities		**2.3:1**	1.1:1	1.2:1	1.7:1	1.6:1
Net assets in cents per share		**124**	133	150	154	193
Percentage of shareholders' funds to total assets		**68**	54	55	65	47
Number of ordinary shareholders		**5,099**	5,121	5,237	5,650	6,169
Number of employees at year end		**795**	1,018	1,077	1,243	3,384
Total salaries and wages paid		**32,534**	38,731	37,543	64,998	92,545

Note:

(1) Earnings per share for prior years have been calculated on weighted average basis in accordance with the recommendation of the New Zealand Society of Accountants.