




Steel & Tube Holdings Limited



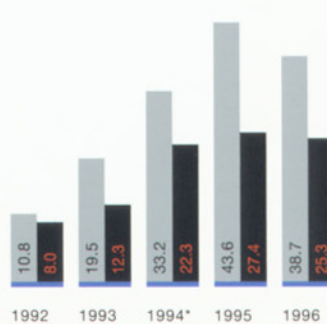
Annual Report 1996



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Highlights of the Year



Profit (\$m)
comparative 12-month period*

Profit before tax
 Profit after tax and extraordinary items



Total Sales (\$m)
comparative 12-month period*

Acquisitions: A 51% interest acquired in November 1995 of steel distributor, A J Forsyth & Company Limited, based in British Columbia.

In February 1996, the rollforming assets of Metalform (Dannevirke) Limited were purchased.

Purchase of Christchurch based Southern Cross Engineering Holdings Limited in April 1996.

Relocations: Stewart Steel Christchurch and Fastening Supplies Auckland were relocated to new purpose-built leased premises.

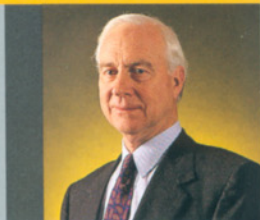
Employee Shares: The Company's employees were invited to participate in a Fourth Offer of shares in July 1995.

Board of Directors

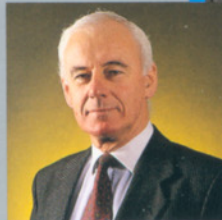
Mr GM Parker



Mr AS Paterson



Mr KT Cocks



Mr BMJ Dineen



Dr RL Every



Mr N Calavrias



Mr AC Candy

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

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 and is a member of the New Zealand Business Roundtable.

Mr BMJ Dineen: Appointed a Director in 1994, Mr Dineen was formerly Chairman and Managing Director of the Shell Companies in New Zealand. He is currently Chairman of the New Zealand Wool Testing Authority Limited and a Director of the National Bank of New Zealand Limited, Todd Corporation Limited, Petrochem Limited, New Zealand Symphony Orchestra Limited, Income Support (a division of Social Welfare) and Rangatira Limited.

Mr GM Parker: Appointed a Director in 1996, Mr Parker is Group General Manager and Chief Operating Officer of BHP Steel's Building and Industrial Products Division. He is a Director of Tubemakers of Australia Limited and other subsidiaries and associates of The Broken Hill Proprietary Company Limited.

Dr RL Every: Dr Every was appointed to the Board from Tubemakers of Australia Limited as an Executive Director in 1988. He was Chief Executive Officer of Steel & Tube Holdings Limited from 1 August 1989 until 30 June 1991. Appointed Managing Director of Tubemakers of Australia Limited on 1 January 1996, Dr Every is now Group General Manager and Chief Operating Officer of BHP Steel's International Division.

Mr AS Paterson: Appointed a Director in 1975, Mr Paterson is a Director of Rangatira Limited, New Zealand Petroleum Company Limited, Tru-Test Corporation Limited and Danaflex Packaging Corporation Limited.

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

Directors' Report

The Directors have pleasure in presenting their Annual Report, including the financial statements of the Company and its subsidiaries, for the year ended 30 June 1996.

Results: The Directors announce an Audited Profit After Tax of \$25.3 million for the twelve months ended 30 June 1996. This was \$2.1 million less than the previous year. Sales increased by \$19.4 million to \$355.1 million.

The lower profit reflected the divestment of Motorcorp Holdings Limited in June 1995 and the adverse effect of the cyclical downturn in the Forest Products Industry on the results of A J Forsyth & Company Limited, in the eight months since acquisition.

Dividends: The Directors have declared a final dividend of 20 cents per share to be paid on 13 September 1996 to holders of fully paid ordinary shares registered at 6 September 1996. This dividend, which will carry full imputation credits, will make a total distribution for the year of 40 cents, which is the same as the previous year.

A supplementary 3.52 cents on the final dividend will be paid to non-resident shareholders.

Financial Position: Shareholders' equity increased to \$121 million compared to \$106 million at 30 June 1995. During the year, borrowings increased from \$23 million to \$60 million, largely as a result of acquisitions made. The gearing ratio (debt: debt plus shareholders' equity) is 0.34:1. The Company continues to be in a sound position.

During the year 140,000 shares paid to one cent were issued under the Senior Executives' Share Scheme 1993. 64,650 shares were also issued under the Employee Share Purchase Scheme, details of which are disclosed in note 22 of the financial statements.

Directors' Report

Earnings (cents)
comparative 15-month period
for EPS & DPS*



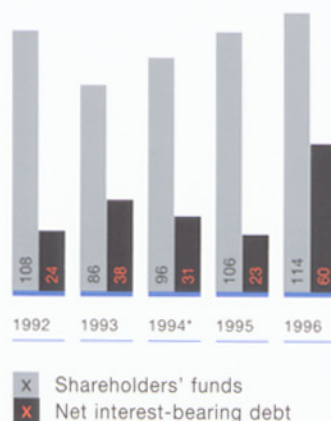
Acquisitions: The acquisition of a 51% interest in A J Forsyth & Company Limited, with the balance of 49% held by Tubemakers of Australia Limited, was approved at an extraordinary general meeting of shareholders in November 1995. The Directors of A J Forsyth are Messrs N Calavrias and A Candy, representing Steel & Tube Holdings Limited, and M Courtnall and L Perry, representing Tubemakers of Australia Limited.

In April 1996 the Southern Cross Engineering Holdings Limited group was acquired, enabling the engineering operations to gain greater involvement in the growth of the Forestry Sector, both domestically and internationally.

Directors: Mr AB Daniels resigned from the Board of Directors on 13 December 1995 following his retirement from Tubemakers of Australia Limited. Mr DT Smart was appointed to the Board on 13 December 1995 and resigned on 7 June 1996. Mr GM Parker was appointed to the Board on 7 June 1996.

In accordance with the Company's Constitution, Messrs AS Paterson and BMJ Dineen retire by rotation and, being eligible, offer themselves for re-election to the Board. Mr GM Parker, having been appointed during the year, will be proposed for election.

Committees of the Board: The Board of Directors has an Audit Committee comprising Messrs KT Cocks (Chairman), AS Paterson and BMJ Dineen. This committee met twice during the year. The role of the Audit Committee is to review the Group's financial statements and announcements, to liaise with the external auditors on behalf of the Board of Directors, and to review the Group's accounting policies, internal controls and related matters.



Debt:Equity (\$m)
comparative 15-month period*

Indemnification and Insurance of Directors and Officers: The Constitution of the Company provides for the Company or any related company to indemnify every Director or Officer out of the assets of the Company to the maximum extent permitted in law. The Group has arranged policies for Directors and Officers Liability Insurance which ensure that generally the individuals concerned will incur no monetary loss as a result of actions undertaken by them in good faith in performing their normal duties.

Interested Transactions: All transactions conducted by the Group with Tubemakers of Australia Limited (Tubemakers) are interested transactions. Since the takeover of Tubemakers by The Broken Hill Proprietary Company Limited (BHP) in April 1996, all transactions conducted by the Group with BHP are interested transactions.

Remuneration of Directors:

Total remuneration and benefits received or due and receivable at 30 June were:

	1996 \$000	1995 \$000
KT Cocks	42	42
N Calavrias	370	356
AB Daniels*	70	21
BMJ Dineen	23	23
RL Every	21	21
AS Paterson	23	23
GM Parker	2	-
DT Smart	8	-

* Inclusive of a retiring allowance paid in accordance with clause 31.7 of the Company's Constitution.

Remuneration of Employees: Total remuneration and benefits received or due and receivable at 30 June were within the following bands:

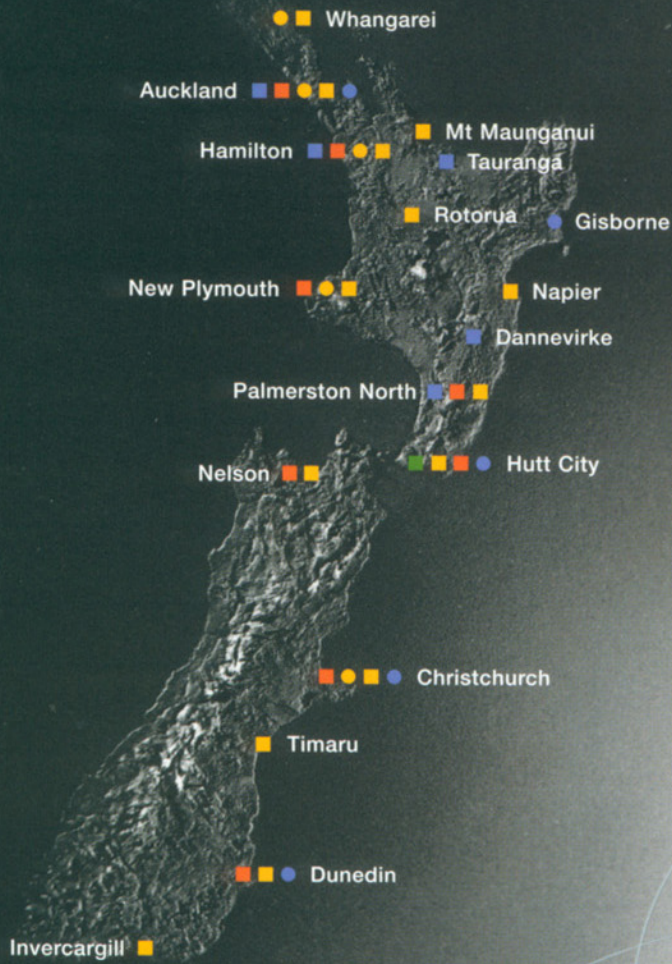
Remuneration Range for Employees	No. of Employees in Each Band			
	Consolidated		Parent	
	1996	1995	1996	1995
\$110,000 - \$119,999	1	1	1	1
\$120,000 - \$129,999	2	2	1	2
\$130,000 - \$139,999	3	3	3	2
\$150,000 - \$159,999	1	1	1	-
\$160,000 - \$169,999	1	1	-	1
\$350,000 - \$359,999	-	1	-	1
\$370,000 - \$379,999	1	-	1	-

Directors' Shareholdings:

	As at 30 June 1996	As at 30 June 1995
KT Cocks	5,000	5,000
N Calavrias*	225,000	225,000
BMJ Dineen	12,000	2,000
RL Every	1,000	1,000
GM Parker	-	-
AS Paterson	5,000	5,000

* Mr N Calavrias also holds 130,000 shares under the Senior Executives' Share Scheme 1993, paid to one cent per share. 50,000 of these shares were issued during the year following shareholder approval at the Annual General Meeting on 15 November 1995.

Business Locations



Processing, Fabrication & Distribution
Locations in New Zealand,
British Columbia and Yukon

KEY

- Corporate Office
- Rollforming
- Reinforcing and Fabrication
- Engineering and Fabrication
- Steel Distribution and Processing
- Fastenings



KEY

- Steel Distribution and Processing

On 13 December 1995 Mr BMJ Dineen acquired 10,000 ordinary shares in the Company for a consideration of \$74,000. Messrs Cocks, Dineen and Parker have disclosed that they hold shares in The Broken Hill Proprietary Company Limited.

Audit: In accordance with section 200 of the Companies Act 1993, the auditors, Coopers & Lybrand, continue in office.

Personnel: The number of employees has increased from 648 to 1,105. This increase is mainly brought about by the A J Forsyth and Southern Cross acquisitions during the year, together with the starting of several major contracts by Robt Stone & Company towards year end.

Health and Safety continue to be a focus of the Group's business philosophy, with considerable resources being provided to train all employees for their tasks and increase safety awareness. To intensify the focus on safety, Du Pont Safety and Environmental Services has been engaged to provide employees with training and advice on safety improvements. Safety procedures and performance are kept under constant review by Safety Committees, Management and the Board.

The Directors wish to acknowledge the contribution made by all staff to the results of the Group in a year in which a platform has been established for further growth.



Mr KT Cocks
Chairman of Directors



Mr N Calavrias
Chief Executive Officer

Date

21 August 1996

*"Recent
investments made
will enhance
shareholder value
and provide
opportunities for
employees."*

Mr N Calavrias
Chief Executive Officer



Chief Executive's Review of Operations



Review of Operations

Steel Distribution and Processing

It is noteworthy that although the general economic activity had slowed and domestic consumption of steel in New Zealand was approximately 6% less than the previous year, the steel distribution operations managed to achieve record profits.

The increased capital expenditure programme adopted in recent years has enabled the Company to penetrate and expand the market for value-added products from its Coil Processing and Plate Service Centres.

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Sales of general products in the regions south of Taupo remained at similar levels to those of last year. However, the Northern Region was able to increase sales due to the increased activity in the Building and Construction Sectors.

Stewart Steel Christchurch and Fastening Supplies Auckland were relocated into new leased premises during the year, while warehouse and showroom extensions were undertaken at the Steel & Tube Palmerston North facilities.

The Group's roofing and cladding business, trading as Longrun Industries, expanded operations by acquiring the rollforming assets of Metalform (Dannevirke) Limited during February. It is envisaged that this operation will be relocated to Palmerston North in the near future.

A J Forsyth & Company Limited

The acquisition of A J Forsyth & Company Limited in November 1995 coincided with the earlier than expected cyclical downturn in the Forestry Industry in British Columbia causing a severe downturn in steel volumes for the company.

Sky Tower development in Auckland, for which Victaulic piping systems, reinforcing product and structural steel were supplied by the Company.



A J Forsyth

The Williston Transporter, an ice-breaking log ferry operating on Williston Lake in British Columbia. The ferry was built by Finlay Navigation Limited with steel supplied by A J Forsyth.



distribution

The Wairarapa Electricity Windfarm at Haunui, constructed and erected by Acme Engineering with steel supplied by the Company.

Review of Operations

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This drop in activity plus the increased costs associated with the purchase of the company caused a small loss for the eight months to June 1996.

A number of initiatives have been implemented to ensure that the business will be more competitive. These include the purchase of two plasma cutters and improvement to Forsyth's warehouse facilities in Vancouver and Prince George. These are expected to be completed by December 1996.

Steel volumes have shown a steady monthly increase since January, however these have not recovered to last year's levels.

With the progressive improvement in the economy and the initiatives being taken to raise competitiveness, it is expected that Forsyth will return to profit early in the new financial year.

Reinforcing and Fabrication

The Reinforcing operation continued to benefit from the buoyant conditions relating to the Building and Construction sectors and posted record profits for the year under review.

Steel volumes processed during the year increased by 22% compared to the previous period and reflect the large forward orders on hand at the commencement of the financial year.





Project

1,200 tonnes of reinforcing steel were supplied by the Company to the Wellington waste water treatment facilities being built by Mainzeal Property & Construction at Moa Point.

Review of Operations

Large contracts that were supplied during the year included:

- Sky Tower, Auckland
- Quay West Apartments, Auckland
- Extensions to the Napier Wharf
- The Moa Point Sewerage Project, Wellington
- Canterbury University Engineering Block, Christchurch

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Engineering and Fabrication

Delays to projects on hand and the reduced number of suitable contracts available, combined with the need to retain the skilled workforce during this period, led to a loss.

By year's end however, a number of contracts were obtained which will ensure that the operations return a profit to the Group in the new year.

The acquisition of Southern Cross Engineering Holdings Limited in April 1996 has allowed the Group to participate in the Forestry Sector, which is projected to have sustainable growth.

Southern Cross Engineering's workshop facilities in Christchurch and Hamilton will complement those of Robt Stone in New Plymouth, Auckland and Whangarei and will assist in providing better service.



engineering



Woodchip ship-loading facility at the Port of Whangarei, designed and manufactured by Southern Cross Engineering for Marubeni Corporation and Marusumi Paper Manufacturing Company Limited.

Robt Stone personnel installing a turbine rotor shaft into the lower casing of a 55-megawatt geothermal steam turbine at the Poihipi Geothermal Project site for Mercury Geotherm Limited.

Financial Statements

Statement of Financial Performance

of Steel & Tube Holdings Limited and its subsidiaries for the year ended 30 June 1996

	Notes	Consolidated		Parent	
		1996 \$000	1995 \$000	1996 \$000	1995 \$000
Sales					
Continued activities		355,120	285,789	299,257	282,764
Discontinued activities		–	49,955	–	–
		355,120	335,744	299,257	282,764
Operating profit					
Continued activities		38,711	39,121	36,362	37,480
Discontinued activities		–	4,477	–	–
Profit Before Taxation	3	38,711	43,598	36,362	37,480
Tax expense	4	13,564	14,629	12,577	12,607
Profit After Taxation		25,147	28,969	23,785	24,873
Minority interest in profit/(loss) of subsidiary		185	(1,541)	–	–
Profit attributable to the shareholders of the Parent Company		\$25,332	\$27,428	\$23,785	\$24,873

This statement is to be read in conjunction with the notes on pages 21 to 33 and the Audit Report on pages 34 to 35.

Statement of Movements in Equity

of Steel & Tube Holdings Limited and its subsidiaries for the year ended 30 June 1996

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Equity at Beginning of Year	105,916	99,466	105,916	95,531
Net profit for year	25,332	27,428	23,785	24,873
Net movement in revaluation of assets reserve	–	–	(5,942)	2,555
Net movement in foreign currency translation reserve	(543)	–	–	–
Total recognised revenue and expenses for the period	24,789	27,428	17,843	27,428
Net movement in minority interest	7,572	(3,935)	–	–
Increase in paid-up capital	402	354	402	354
Net transfer to reserves on wind up of subsidiaries	–	–	1,545	–
Net increase in reserves due to amalgamation of subsidiaries	–	–	5,401	–
Dividends paid or payable	(17,430)	(17,397)	(17,430)	(17,397)
Supplementary dividends	961	171	961	171
Foreign investor tax credit	(961)	(171)	(961)	(171)
Equity at End of Year	\$121,249	\$105,916	\$113,677	\$105,916

This statement is to be read in conjunction with the notes on pages 21 to 33 and the Audit Report on pages 34 to 35.

Statement of Financial Position

of Steel & Tube Holdings Limited and its subsidiaries as at 30 June 1996

	Notes	Consolidated		Parent	
		1996 \$000	1995 \$000	1996 \$000	1995 \$000
Equity					
Share capital	8	68,565	68,163	68,565	68,163
Reserves	9	(543)	–	–	5,942
Retained earnings		45,655	37,753	45,112	31,811
Shareholders' Funds		113,677	105,916	113,677	105,916
Minority interest		7,572	–	–	–
		121,249	105,916	113,677	105,916
Non-Current Liabilities	10	18,500	–	104,481	135,898
Current Liabilities					
Short-term borrowings	11	41,419	23,318	21,298	23,318
Accounts payable	12	30,226	20,279	22,804	20,743
Restructuring provision		807	1,243	807	807
Proposed dividend	6	8,715	8,702	8,715	8,702
		81,167	53,542	53,624	53,570
		\$220,916	\$159,458	\$271,782	\$295,384
Non-Current Assets					
Fixed assets	13	55,494	37,985	38,789	15,574
Investments	14	474	621	100,318	164,999
Goodwill		10,692	7,556	7,732	3,245
Deferred tax	5	797	2,111	1,520	1,997
Long-term receivables	15	2,693	2,500	170	802
		70,150	50,773	148,529	186,617
Current Assets					
Cash in bank		1,460	1,213	816	1,212
Accounts receivable and prepayments	16	77,044	48,815	64,360	48,235
Inventory	17	72,212	57,068	57,633	57,068
Tax refund due		50	1,589	444	2,252
		150,766	108,685	123,253	108,767
		\$220,916	\$159,458	\$271,782	\$295,384

For the Directors

Mr KT Cocks Chairman of Directors



Mr N Calavrias Chief Executive Officer



Date 21 August 1996

This statement is to be read in conjunction with the notes on pages 21 to 33 and the Audit Report on pages 34 to 35.

Statement of Cash Flows

of Steel & Tube Holdings Limited and its subsidiaries for the year ended 30 June 1996

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Cash Flows from Operating Activities				
<i>Cash was provided from:</i>				
Receipts from customers	346,360	331,876	289,976	278,802
Interest received	656	362	555	671
<i>Cash was applied to:</i>				
Payments to suppliers and employees	(307,826)	(299,560)	(254,156)	(248,063)
Taxes paid	(9,850)	(15,355)	(10,443)	(13,908)
Interest paid on debt	(3,522)	(2,651)	(2,692)	(2,294)
Restructuring costs	(436)	(904)	(436)	(904)
Net GST received/(paid)	(2,031)	116	(1,525)	(455)
Net cash flow from operating activities	23,351	13,884	21,279	13,849
Cash Flows from Investing Activities				
<i>Cash was provided from:</i>				
Proceeds from sale of subsidiaries	–	7,573	–	7,573
Proceeds from sale of other assets	1,827	2,671	1,702	1,006
<i>Cash was applied to:</i>				
Purchase of fixed assets	(8,301)	(8,180)	(7,923)	(6,738)
Purchase of investment	–	(347)	–	(347)
Acquisitions	(18,160)	(2,557)	(18,160)	(2,557)
Net cash flow to investing activities	(24,634)	(840)	(24,381)	(1,063)
Cash Flows from Financing Activities				
<i>Cash was provided from:</i>				
Proceeds from call on shares	402	164	402	164
Proceeds from short-term borrowings	7,279	–	–	–
Proceeds from term liabilities	18,500	–	18,500	–
<i>Cash was applied to:</i>				
Settlement of short-term liabilities	(8,614)	(4,294)	(159)	(3,600)
Payment of dividends	(17,417)	(15,375)	(17,417)	(15,375)
Net cash flow from/(to) financing activities	150	(19,505)	1,326	(18,811)
<i>Net decrease in cash held</i>	<i>(1,133)</i>	<i>(6,461)</i>	<i>(1,776)</i>	<i>(6,025)</i>
<i>Opening cash brought forward</i>	<i>295</i>	<i>6,756</i>	<i>294</i>	<i>6,319</i>
Closing cash carried forward	(\$838)	\$295	(\$1,482)	\$294
<i>Cash is comprised of:</i>				
Cash in bank	1,460	1,213	816	1,212
Bank overdraft	(2,298)	(918)	(2,298)	(918)
	(\$838)	\$295	(\$1,482)	\$294

This statement is to be read in conjunction with the notes on pages 21 to 33 and the Audit Report on pages 34 to 35.

Statement of Cash Flows *(continued)*

of Steel & Tube Holdings Limited and its subsidiaries for the year ended 30 June 1996

Reconciliation of Profit After Taxation to Net Cash Flow from Operating Activities

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Profit after taxation	25,147	28,969	23,785	24,873
Add/(less) items classified as investing or financing activities:				
Gain on sale of subsidiaries	–	(1,475)	–	(1,475)
Net (gain)/loss on sale of fixed assets	(487)	233	(487)	(92)
	(487)	(1,242)	(487)	(1,567)
Add/(less) non cash items:				
Depreciation	4,654	3,575	3,948	2,958
Capital profit on debt defeasement	–	(43)	–	(43)
Amortisation of goodwill	1,954	1,484	1,539	400
Writedown of investment in subsidiaries	–	–	770	–
Decrease/(increase) in deferred tax	576	(25)	453	(344)
	7,184	4,991	6,710	2,971
Add/(less) movements in working capital items:				
Increase/(decrease) in income tax payable	2,626	(1,501)	1,200	(839)
Increase in accounts receivable and prepayments	(14,842)	(4,631)	(15,982)	(3,711)
(Decrease)/increase in accounts payable and provisions	(870)	5,615	1,859	4,023
Increase in inventories	(1,379)	(18,119)	(1,778)	(11,703)
Movements in working capital classified as investing or financing activities	5,972	(198)	5,972	(198)
	(8,493)	(18,834)	(8,729)	(12,428)
Net cash flow from operating activities	\$23,351	\$13,884	\$21,279	\$13,849

This statement is to be read in conjunction with the notes on pages 21 to 33 and the Audit Report on pages 34 to 35.

Statement of Cash Flows *(continued)*

of Steel & Tube Holdings Limited and its subsidiaries for the year ended 30 June 1996

	<i>Consolidated</i>		<i>Consolidated</i>	
	<i>\$000</i>	<i>1996 \$000</i>	<i>\$000</i>	<i>1995 \$000</i>
Summary of the Effects of Acquisition of Subsidiaries/Business Assets				
<i>Total cash paid for acquisitions</i>		18,160		2,557
<i>Net assets acquired:</i>				
<i>Fixed assets</i>	20,752		570	
<i>Net current assets</i>	8,741		887	
<i>Term liabilities</i>	(8,614)		-	
<i>Minority interest</i>	(7,757)		-	
		13,122		1,457
<i>Goodwill on acquisition</i>		\$5,038		\$1,100
Summary of the Effects of Disposal of Subsidiaries				
<i>Total cash received for disposals</i>		-		7,573
<i>Fixed assets</i>	-		3,921	
<i>Net current assets</i>	-		8,612	
<i>Term liabilities</i>	-		(2,500)	
<i>Minority interest</i>	-		(3,935)	
		-		6,098
<i>Gain on disposal of subsidiaries</i>		-		\$1,475

On 1 November 1995 the Group acquired 51% of the issued capital of A J Forsyth & Company Limited.

On 1 April 1996 the Group acquired 100% of the issued capital of Southern Cross Engineering Holdings Limited.

This statement is to be read in conjunction with the notes on pages 21 to 33 and the Audit Report on pages 34 to 35.

Notes to the Accounts

1. Statement of Accounting Policies

These financial statements are presented in accordance with the Companies Act 1993 and have been prepared in accordance with the Financial Reporting Act 1993. The Parent Company's financial statements are for Steel & Tube Holdings Limited as a separate entity and the consolidated financial statements are for the Steel & Tube Holdings Group, which includes all 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 historic cost except that land, buildings, certain machinery and equipment, and investments have been revalued.

Particular Accounting Policies

The following particular accounting policies which materially affect the financial position of the Group have been applied and are unchanged from last year.

(a) Sales

Sales shown in the Statement of Financial Performance comprise the amounts received and receivable by the Group for goods and services supplied to customers in the ordinary course of business. Sales are stated exclusive of Goods and Services Tax collected from customers.

(b) Basis of Consolidation

The consolidated financial statements are prepared from the accounts of the Parent Company and its subsidiaries as at 30 June 1996. 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' equity since acquisition.

(c) 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 continuing value of the goodwill to the Group, it is carried forward and amortised over a period of ten years. This matter is reviewed by the Directors annually.

(d) Fixed Assets

The cost of purchased fixed assets is the value of the consideration given to acquire the assets and the value of the directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use.

Until 1991 land and buildings in New Zealand were revalued to 90% of the market value for existing use or at a lesser value as considered appropriate by the Directors. Since 1992 additions are at cost or fair market value determined by the Directors at date of purchase.

Land and buildings and certain machinery and equipment in Canada are at fair value as determined by the Directors at the time the assets were acquired.

(e) 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:

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

(f) Investments

Investments in subsidiary companies are revalued to reflect the Parent Company's share of their net underlying assets. Other investments are at valuation. Dividend income is accounted for on a cash basis. Interest income on short-term deposits is accounted for as earned.

(g) 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 approximated 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.

(h) Debtors

Debtors are valued at expected realisable value.

(i) Tax

The liability method of tax-effect accounting is used. The tax charged against the surplus for the year is the estimated total liability in respect of that profit calculated at the present rate of company tax after allowance for permanent differences. This is the comprehensive basis for the calculation of deferred tax.

Tax losses are recognised to the extent that they will be recovered in the foreseeable future.

Subsequent realisation of deferred tax assets or income tax losses are subject to the requirements of income tax legislation being met.

(j) Leasing Commitments

Operating lease commitments are charged as expenses when incurred.

(k) Overseas Currency

Overseas currency transactions are recorded at the exchange rates in effect at the date of the transactions except where forward currency contracts have been taken out to cover short-term forward currency commitments. Where short-term forward currency contracts have been taken out, the transaction is translated at the average rate contained in the contracts. 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.

The financial statements of independent foreign operations are converted to New Zealand dollars at the rate of exchange ruling at the balance date. Translation gains and losses are taken to a foreign currency translation reserve.

(l) Financial Instruments

Financial instruments entered into as hedges of an underlying exposure are accounted for on the same basis as the underlying exposure.

(m) Statement of Cash Flows

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

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

(n) Reclassifications

Certain reclassifications of prior year's data have been made to conform to current year classifications.

2. Business Activities During the Year

The principal business activity of the Group during the year was the processing, fabrication and distribution of steel products.

Steel & Tube Holdings Limited and its subsidiaries were reregistered in December 1995 under the Companies Reregistration Act 1993.

The amalgamation of the following property-owning subsidiaries with Steel & Tube Holdings Limited occurred at 31 July 1995:

- Acorn Pacific Corporation Limited
- Chatham Properties Limited
- Robt Stone & Company Limited
- Steel & Tube New Zealand Limited

Southern Cross Engineering Holdings Limited, acquired in April 1996, and its wholly owned subsidiaries were amalgamated with Steel & Tube Holdings Limited at 30 June 1996.

Notes to the Accounts (continued)

3. Profit Before Taxation

	<i>Consolidated</i>		<i>Parent</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
<i>Profit before taxation is stated:</i>				
<i>After charging:</i>				
<i>Amortisation of goodwill</i>	1,954	1,484	1,539	400
<i>Auditors' remuneration - audit services</i>	248	242	211	202
<i>- other services</i>	399	359	381	359
<i>Bad debts written off</i>	261	154	247	154
<i>Currency losses</i>	11	13	39	13
<i>Depreciation</i>	4,654	3,575	3,948	2,958
<i>Directors' fees</i>	129	135	129	129
<i>Donations</i>	45	6	15	4
<i>Increase in restructuring provision</i>	-	807	-	807
<i>Interest</i>				
<i>- Fixed loans</i>	922	604	922	604
<i>- Other</i>	2,600	2,047	1,770	1,690
<i>Rent and leasing costs</i>	2,841	2,122	2,777	5,029
<i>Writedown of property held for sale</i>	447	-	447	-
<i>Writedown down of investment in subsidiaries</i>	-	-	770	-
<i>After crediting:</i>				
<i>Decrease/(increase) in provision for doubtful debts</i>	187	(488)	268	(488)
<i>Gain on disposal of subsidiaries</i>	-	1,475	-	1,475
<i>Interest</i>	656	362	555	671
<i>Net gain/(loss) on disposal of assets</i>	487	(233)	487	92

Notes to the Accounts (continued)

4. Tax Expense

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
<i>Profit before taxation</i>	\$38,711	\$43,598	\$36,362	\$37,480
<i>Tax at 33% (1995 33%)</i>	12,775	14,387	11,999	12,368
<i>Plus/(less) tax effect of:</i>				
<i>Non-assessable income</i>	(113)	(444)	(118)	(544)
<i>Non-deductible expenditure</i>	1,012	523	984	170
<i>(Over)/under provision in prior years</i>	(242)	231	(288)	613
<i>Adjustment for tax at other rates</i>	132	–	–	–
<i>Benefit of tax losses not recognised</i>	–	(68)	–	–
	\$13,564	\$14,629	\$12,577	\$12,607
<i>The tax expense is represented by:</i>				
<i>Tax payable in respect of the current year</i>	12,988	14,733	12,124	12,951
<i>Transferred from/(to) deferred tax</i>	576	(36)	453	(344)
<i>Benefit of tax losses not recognised</i>	–	(68)	–	–
	\$13,564	\$14,629	\$12,577	\$12,607
<i>There are no tax losses to carry forward.</i>				

5. Deferred Tax

<i>Deferred tax at beginning of period</i>	2,111	2,204	1,997	1,653
<i>Balances of subsidiaries (acquired-1996)/(disposed-1995)</i>	(738)	(129)	(24)	–
<i>Transferred (to)/from Statement of Financial Performance</i>	(576)	36	(453)	344
<i>Deferred tax at end of period</i>	\$797	\$2,111	\$1,520	\$1,997

Notes to the Accounts (continued)

6. Dividends

	1996 \$000	1995 \$000
Parent and Consolidated		
<i>Interim dividend of 20 cents per share (1995: 20 cents per share)</i>	8,715	8,695
<i>Final dividend of 20 cents per share (1995: 20 cents per share)</i>	8,715	8,702
	\$17,430	\$17,397

7. Imputation Credit Account

<i>Balance at beginning of period plus/(less):</i>	10,742	4,240
<i>Income tax paid</i>	10,443	13,908
<i>Allocated to subsidiaries</i>	(565)	(1,000)
<i>Imputation credits received</i>	4	826
<i>Imputation credits attached to dividends paid to shareholders</i>	(7,617)	(7,232)
	\$13,007	\$10,742
<i>Imputation credits directly and indirectly available to the members as at 30 June:</i>		
<i>Parent</i>	13,007	10,742
<i>Subsidiaries</i>	1,580	1,012
	\$14,587	\$11,754

8. Share Capital

<i>Issued capital at beginning of period</i>	68,281	67,927
<i>Issued to Employee Share Purchase Scheme</i>	402	–
<i>Issued to Senior Executives' Share Scheme</i>	70	–
<i>Call on Senior Executives' Share Scheme</i>	–	354
<i>Issued capital at end of period</i>	68,753	68,281
<i>Less uncalled capital (Senior Executives' Share Scheme)</i>	(188)	(118)
<i>Issued and paid-up capital at end of period</i>	\$68,565	\$68,163
<i>Shares on issue at end of period</i>	43,955,183	43,750,533

The share premium account and capital replacement fund have been added to the issued capital.

Shares issued under the Senior Executives' Share Scheme qualify for bonus and cash issues but do not have dividend or voting entitlements until fully paid.

Notes to the Accounts (continued)

9. Reserves

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Revaluation of Assets Reserve				
Balance at beginning of period	–	–	5,942	3,387
Write (down)/up of investment to equate share of tangible assets	–	–	(5,942)	2,555
Balance at end of period	–	–	–	5,942
Foreign Currency Translation Reserve				
Balance at beginning of period	–	–	–	–
Movements during the period	(543)	–	–	–
Balance at end of period	(543)	–	–	–
Total reserves at end of period	(\$543)	–	–	\$5,942

10. Non-Current Liabilities

Bank term loans	18,500	–	18,500	–
Advance from subsidiaries	–	–	85,981	135,898
	\$18,500	–	\$104,481	\$135,898

The bank term loans have an average interest rate of 8% per annum and an average maturity of 1.5 years.

The advance from subsidiaries is interest free and repayable on demand.

11. Short-Term Borrowings

Bank overdraft	2,298	918	2,298	918
Commercial bills	39,121	22,400	19,000	22,400
	\$41,419	\$23,318	\$21,298	\$23,318

Interest rates on commercial bills ranged from 5% to 10% during the year (1995 7% to 10%). The credit facilities provided by the banks are subject to the conditions of the Group's Deed of Negative Pledge being met satisfactorily. The bank loan overdraft and commercial bills may be drawn at any time. The overdraft facilities may be terminated by the bank on demand. Interest rates on all facilities are variable.

The commercial bill facility arranged with the Bank of America for A J Forsyth & Company Limited has been guaranteed by the shareholders in that company being Steel & Tube Holdings Limited and Tubemakers of Australia Limited.

Notes to the Accounts (continued)

12. Accounts Payable

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Trade creditors	19,583	13,994	13,372	13,994
Provisions and accruals	8,154	4,886	7,676	4,886
Employee entitlements	2,489	1,399	1,756	1,399
	\$30,226	\$20,279	\$22,804	\$20,279

13. Fixed Assets

<i>Freehold land</i>				
At cost	3,528	2,831	3,447	–
At Directors' valuation	2,659	3,887	2,443	–
	6,187	6,718	5,890	–
<i>Leasehold land</i>				
At cost	29	29	29	–
At Directors' valuation	4,394	151	151	–
	4,423	180	180	–
<i>Buildings</i>				
At cost	11,393	11,817	10,997	–
Less accumulated depreciation	(713)	(691)	(713)	–
	10,680	11,126	10,284	–
At Directors' valuation	10,529	4,759	4,936	–
Less accumulated depreciation	(522)	(372)	(437)	–
	10,007	4,387	4,499	–
<i>Plant and equipment</i>				
At cost	43,469	30,704	36,962	30,704
Less accumulated depreciation	(19,272)	(15,130)	(19,026)	(15,130)
	24,197	15,574	17,936	15,574
	\$55,494	\$37,985	\$38,789	\$15,574

The Directors' valuation for the New Zealand properties was at 31 March 1991, with the exception of properties held for sale, which are valued at their estimated realisable value. A fair valuation was adopted by the Directors for the land, buildings and certain machinery and equipment in A J Forsyth & Company Limited at the time of acquisition in November 1995. The Directors estimate that the fair values of the Group's properties (excluding those designated for disposal) are approximately equal to their net book values at 30 June 1996. Included in the net book values are properties held for sale at their estimated realisable value of \$1.658 million (1995 Nil).

Notes to the Accounts (continued)

14. Investments

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Shares in subsidiaries	–	–	99,844	164,378
Other investments	474	621	474	621
	\$474	\$621	\$100,318	\$164,999

	Percentage Shareholding	Balance Date
<i>The principal subsidiaries comprise:</i>		
NZMC Limited	100%	30 June
Robt Stone Malaysia Limited	100%	30 June
Steel & Tube New Zealand Limited	100%	30 June
A J Forsyth & Company Limited	51%	30 June

15. Long-Term Receivables

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Advance to subsidiaries	–	–	–	802
Employee Share Purchase Scheme advance	170	–	170	–
Trade advance	2,500	2,500	–	–
Other	23	–	–	–
	\$2,693	\$2,500	\$170	\$802

16. Accounts Receivable and Prepayments

Trade debtors	70,197	47,175	57,992	47,175
Prepayments and other receivables	6,847	1,640	6,368	1,060
	\$77,044	\$48,815	\$64,360	\$48,235

17. Inventory

Gross work in progress	15,201	9,495	15,201	9,495
Less progress billings	(13,752)	(9,221)	(13,752)	(9,221)
	1,449	274	1,449	274
Inventory	70,763	56,794	56,184	56,794
	\$72,212	\$57,068	\$57,633	\$57,068

18. Operating Lease Commitments

	Consolidated		Parent	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000
The Group has operating leases with lease terms in excess of one year in respect of land and buildings.				
At 30 June 1996 the aggregate lease commitments were as follows:				
(i) due within one year	2,833	3,113	2,771	2,394
(ii) due later than one year and not later than two years	2,323	2,474	2,261	1,981
(iii) due later than two years and not later than five years	4,396	4,839	4,211	4,232
(iv) due later than five years	2,762	2,544	2,304	1,876
	\$12,314	\$12,970	\$11,547	\$10,483

19. Related Party Disclosure

Steel & Tube Holdings Limited is a subsidiary of Tubemakers of New Zealand Limited with the latter holding 50.61% (1995 50.38%) of the voting securities of Steel & Tube Holdings Limited. Tubemakers of New Zealand Limited is controlled by Tubemakers of Australia Limited.

In April 1996 The Broken Hill Proprietary Company Limited (BHP) acquired Tubemakers of Australia Limited and hence 50.61% of the voting securities of Steel & Tube Holdings Limited.

The Group sourced 12.3% of its purchases from BHP, with the Tubemakers portion representing 4.5% (1995 4.7%). The purchases from BHP, excluding Tubemakers, cover the three months to 30 June 1996.

At 30 June 1996 the Group owed BHP \$7,386,390 due in July 1996. The Tubemakers portion of this debt is \$906,171 (1995 \$981,396). All transactions with BHP are conducted on an arm's length basis and on normal commercial terms.

At the Annual General Meeting in November 1995 shareholders approved the issue of 50,000 shares under the Senior Executives' Share Scheme 1993 to Mr N Calavrias. At 30 June 1996 Mr N Calavrias holds 130,000 shares paid to one cent per share under the Scheme. Payment of the balance due is subject to the conditions of the Scheme as approved by the shareholders in 1993.

20. Contingent Liabilities

Guarantees under contracts and other contingent liabilities of the Parent and Group total \$3,498,000 (1995 \$1,631,000).

21. Capital Commitments

The Group has capital commitments of \$11,389,000 (1995 \$1,616,000).

22. Employee Share Purchase Scheme

The Employee Share Purchase Scheme was established in June 1983 to offer shares to employees on terms consistent with the provisions of s166 of the Income Tax Act 1976.

Notes to the Accounts (continued)

The Scheme is available to all full-time permanent employees who have completed at least twelve months of continuous service with the Company. Directors are not eligible to participate in the Scheme. Eligible employees are able to purchase shares to a total value of \$2,170 per employee on an interest-free basis for a period of three years. The shares allocated to eligible employees will not be vested until the expiry of the later of the three-year period or the full repayment of the loan by the employees. The Trustees, pursuant to a Trust Deed, will administer the shares in the Scheme until ownership of the shares is vested with the employee.

The Trustees of the Scheme are Mr KT Cocks, Mr N Calavrias and Mr AC Candy, who were appointed by the Board of Directors.

In July 1995 a Fourth Offer of shares was made to eligible employees. The shares were issued at a price of \$6.20 per share set by the Board of Directors. The total number of shares issued was 64,650 shares. These shares rank equally with all other shares in respect of voting rights and dividend entitlements.

At 30 June 1996 the Scheme held 64,300 ordinary fully paid shares (1995 Nil) of which 3,350 shares are unallocated. Voting rights attached to the shares held by the Trustees are exercisable solely at their discretion until they are vested with the employees. The shares issued in the Fourth Offer represent 0.15% of the total issued capital at 30 June 1996.

The Scheme's share purchase was funded by an interest-free loan from Steel & Tube Holdings Limited. The principal outstanding at 30 June 1996 is \$291,757 and is reduced by proceeds from ongoing employees' contributions on a regular basis.

23. Segment Information

Industry segments:

	New Zealand processing, fabrication and distribution of steel products		New Zealand automotive		Canadian processing, fabrication and distribution of steel products		Eliminations		Consolidated	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Sales to customers outside the Group	309,210	285,789	-	49,995	45,910	-	-	-	355,120	335,744
Intersegment sales	-	-	-	124	-	-	-	(124)	-	-
Total sales	\$309,210	\$285,789	-	\$50,079	\$45,910	-	-	(\$124)	\$355,120	\$335,744
Segment result	\$40,668	\$40,687	-	\$5,200	\$909	-	-	-	\$41,577	\$45,887
Fixed loan and other interest									(2,866)	(2,289)
Taxation									(13,564)	(14,629)
Total unallocated expenses									(16,430)	(16,918)
Profit after taxation									25,147	28,969
Minority interest									185	(1,541)
Profit for the year attributable to shareholders									\$25,332	\$27,428
Segment assets	\$172,264	\$159,458	-	-	\$48,652	-	-	-	\$220,916	\$159,458

24. Financial Instruments

(a) *Nature of activities and management policies with respect to financial instruments.*

(i) **Foreign Exchange**

The Group undertakes transactions denominated in foreign currencies from time to time, and resulting from these activities exposures in foreign currency arise. It is the Group's policy to hedge foreign currency risks as they arise. The Group uses forward and spot foreign exchange contracts to manage these exposures.

The net notional contract amounts of forward foreign exchange transactions outstanding at balance date are:

	1996 \$000	1995 \$000
Parent and Consolidated		
<i>Australian Dollars</i>	8,593	4,283
<i>British Pounds</i>	407	143
<i>United States Dollars</i>	4,265	2,316
<i>Japanese Yen</i>	–	5
	\$13,265	\$6,747

The cash settlement requirements of these contracts approximates the notional contract amount.

(ii) **Interest Rate**

The Group has used both short-term floating and long-term fixed rate borrowing to fund ongoing activities.

(iii) **Credit**

In the normal course of its business the Group incurs credit risk from trade debtors and financial institutions. There are no significant concentrations of credit risk. The Group has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures have been set and are monitored on a regular basis. In some instances, the Group secures collateral from trade debtors in the form of charges over their assets in order to mitigate the risk of loss as a result of default of their obligations.

The Group does not require any collateral or security to support financial instruments due to the quality of the financial institutions dealt with.

Notes to the Accounts (continued)

(b) Fair Values

The estimated fair values of the Group's financial assets and liabilities are noted below:

	1996		1995	
	Carrying Value \$000	Fair Value \$000	Carrying Value \$000	Fair Value \$000
Parent Company				
Assets				
Cash	816	816	1,212	1,212
Debtors	64,360	64,360	48,235	48,235
Unlisted investments	100,318	100,318	164,999	164,999
Liabilities				
Bank overdraft	(2,298)	(2,298)	(918)	(918)
Trade creditors	(13,372)	(13,372)	(20,279)	(20,279)
Commercial bills payable	(19,000)	(19,000)	(22,400)	(22,400)
Term liabilities	(18,500)	(18,162)	–	–
Foreign exchange contracts	–	(116)	–	(72)
Consolidated				
Assets				
Cash	1,460	1,460	1,213	1,213
Debtors	79,544	79,544	51,315	51,315
Unlisted investments	474	474	621	621
Liabilities				
Bank overdraft	(2,298)	(2,298)	(918)	(918)
Trade creditors	(19,583)	(19,583)	(20,279)	(20,279)
Commercial bills payable	(39,121)	(39,121)	(22,400)	(22,400)
Term liabilities	(18,500)	(18,162)	–	–
Foreign exchange contracts	–	(116)	–	(72)

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

Cash, Debtors, Bank Overdraft, Trade Creditors and Commercial Bills Payable

The carrying value of these items is equivalent to the fair value.

Unlisted Investments

The fair value of unlisted investments is estimated to be the net asset backing.

Term Liabilities

The fair value of term liabilities is estimated based on current market rates available to the Group for debt of similar maturity.

Foreign Exchange Contracts

The fair value of these instruments is estimated based on the quoted market price of these instruments.

Auditors' Report



chartered accountants
and business advisers

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To the Shareholders of Steel & Tube Holdings Limited

We have audited the financial statements on pages 16 to 33. The financial statements provide information about the past financial performance and financial position of the Company and Group as at 30 June 1996. This information is stated in accordance with the accounting policies set out on pages 21 to 23.

Directors' Responsibilities

The Company's Directors are responsible for the preparation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 1996 and the results of operations and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report 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:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Company and Group circumstances, 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 error or fraud. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm carries out other assignments on behalf of the Company and its subsidiaries in the area of taxation, consulting advice and other assurance services.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the Company as far as appears from our examination of those records, and
- the financial statements on pages 16 to 33:
 - comply with generally accepted accounting practice; and
 - give a true and fair view of the financial position of the Company and Group as at 30 June 1996 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 21 August 1996 and our unqualified opinion is expressed as at that date.

Coopers & Lybrand

Chartered Accountants

Wellington

Comparative Review

	1996 12 months \$000	1995 12 months \$000	1994 15 months \$000	1993 12 months \$000	1992 12 months \$000	
Financial Performance						
Sales	355,120	335,744	367,325	275,249	250,641	
Profit before tax	38,711	43,598	39,319	19,515	10,807	
Tax	13,564	14,629	11,771	6,824	4,007	
Profit after tax	25,147	28,969	27,548	12,691	6,800	
Minority interests	185	(1,541)	(1,179)	(305)	1,012	
Retained earnings in associate companies	–	–	–	(104)	189	
Total Group profit after tax	25,332	27,428	26,369	12,282	8,001	
Dividends	(17,430)	(17,397)	(17,375)	(7,816)	(14,754)	
Transfer from revaluation of asset reserves	–	–	24	–	–	
Increase/(decrease) in retained earnings	7,902	10,031	9,018	4,466	(6,753)	
Financial Position						
Paid-up capital	68,565	68,163	67,809	67,758	93,698	
Current assets	150,766	108,685	113,851	125,981	92,639	
Current liabilities	81,167	53,542	55,429	88,962	39,988	
Net current assets	69,599	55,143	58,422	37,019	52,651	
Total assets	220,916	159,458	163,354	186,638	158,833	
Total liabilities	99,667	53,542	65,429	98,962	49,988	
Minority interest	7,572	–	2,394	1,214	909	
Shareholders' funds	113,677	105,916	95,531	86,462	107,936	
Statistics	Note					
Dividends paid in cents per share	(1)	40.0	40.0	40.0	18.0	34.0
Times dividend covered		1.5	1.6	1.5	1.6	0.6
Earnings in cents per share	(1) (3)	58.1	63.0	48.6	28.3	18.4
Percentage return on:						
Sales		7.1	8.2	7.2	4.5	3.2
Shareholders' funds at period end	(3)	22.3	25.9	22.1	14.2	7.4
Current assets to current liabilities		1.9:1	2.0:1	2.1:1	1.4:1	2.3:1
Net assets in cents per share	(1)	261	243	220	199	249
Shareholders' funds to total assets (%)	(2)	51	66	58	54	68
Number of ordinary shareholders		5,075	4,609	4,554	5,189	5,099
Number of employees at period end		1,105	648	769	672	795

Note:

(1) All calculations prior to 1993 have been based on 1993 reduced share capital of 43,425,533 shares.

(2) This ratio has been calculated as at 31 March 1993 as if the proceeds arising on cancellation of 43,423,305 shares had been distributed to shareholders prior to balance date.

(3) The earnings in cents per share, percentage return on shareholders' funds and total assets at period end has been annualised for the period ended 30 June 1994.

Shareholder Statistics

as at 30 August 1996

Census of Shareholders

Size of Holdings	No of Shareholders	No of Shares	%
1-500	2,376	501,640	1.15
501-1,000	1,078	852,855	1.96
1,001-5,000	1,385	3,208,668	7.36
5,001-10,000	146	1,023,286	2.35
10,001-50,000	77	1,567,206	3.60
50,001-100,000	5	419,020	0.96
Over 100,000	8	36,001,508	82.62
	5,075	43,574,183	100.00

Twenty Largest Shareholders

At 30 August 1996 the twenty largest shareholders held 76.24% of the issued shares.
The twenty largest holders are as follows:

<i>Tubemakers of New Zealand Limited</i>	22,053,620	50.61
<i>ANZ Nominees Limited</i>	3,213,807	7.37
<i>The Trustees Executors and Agency Company of New Zealand Limited</i>	876,916	2.01
<i>National Nominees New Zealand Limited</i>	863,660	1.98
<i>Westpac Superannuation Nominees - New Zealand Limited</i>	803,586	1.88
<i>Premier Nominees Limited - Armstrong Jones New Zealand Share Fund</i>	619,900	1.42
<i>The NZ Guardian Trust Co. Limited - NZI Investment Nominees Limited</i>	490,000	1.12
<i>Guardian Assurance Limited - Equity Fund</i>	475,000	1.09
<i>Southpac Investment Management</i>	379,450	0.87
<i>Citibank Nominees (New Zealand) Limited</i>	363,270	0.83
<i>The NZ Guardian Trust Co. Limited - Guardian Trust Investment Limited</i>	353,450	0.81
<i>Permanent Nominees Limited A/c Tower</i>	350,700	0.80
<i>Guardian Assurance Limited - Saveguard</i>	350,000	0.80
<i>Norwich Union Life Insurance (NZ) Limited - Main Fund</i>	328,400	0.75
<i>Accident Rehabilitation and Compensation Insurance Corporation</i>	320,400	0.73
<i>Barclays New Zealand Custodian Services Limited</i>	305,550	0.70
<i>BT New Zealand Nominees Limited</i>	287,170	0.66
<i>National Mutual Life Association of Australasia Limited - A Account</i>	284,050	0.65
<i>Guardian Assurance Limited - Life Fund</i>	255,000	0.58
<i>The Public Trustee - A/c GIF No. 41</i>	254,478	0.58

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 30 August 1996 are as follows:

	Fully Paid ordinary shares held	Percentage of total shares on issue
Name:		
<i>Tubemakers of Australia Limited</i>	22,053,620	50.61
<i>Tower Corporation</i>	2,659,192	6.10
Securities on issue comprise:		
<i>Fully paid ordinary shares carrying full voting rights</i>		43,574,183
<i>Senior Executives' Shares partly paid to one cent</i>		431,000

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 AC Candy

A J Forsyth & Company Limited

830 Carlisle Road, New Westminster,
Vancouver, Canada

.....
President Mr D Thomas

Steel Distribution & Processing

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

.....
Chief Executive Officer Mr N Calavrias

Auditors

Coopers & Lybrand

Reinforcing & Fabrication

15-17 Kings Crescent, Lower Hutt
PO Box 38-337, Wellington Mail Centre

.....
General Manager Mr RJ O'Neill

Share Registry

Registry Managers (New Zealand) Limited
Private Bag 92-119
Auckland 1030

Engineering & Fabrication

525 Great South Road, Penrose, Auckland
PO Box 40, Auckland

.....
General Manager Mr TR Donaldson

Principal Bankers

ANZ Banking Group (New Zealand) Limited
National Bank of New Zealand Limited
Bank of America, Canada

