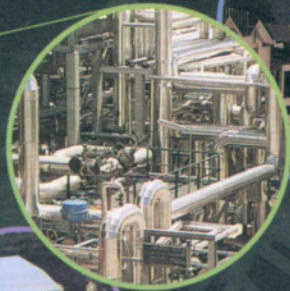


ENGINEERING



REINFORCING



A J FORSYTH

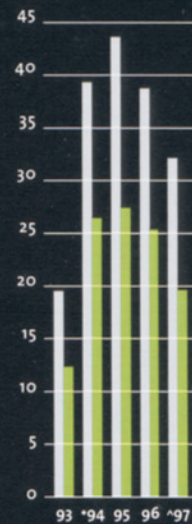
STEEL DISTRIBUTION



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3	Directors' Report
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IBC	Directory

Profit (\$m)  
\* 15-month period  
^ 11-month period

■ Profit before tax  
■ Profit after tax



Total Sales (\$m)  
\* 15-month period  
^ 11-month period





## Highlights

**HEALTH AND SAFETY** Achieved significant improvement in the Group's safety record during the period.

**BONUS ISSUE** A Taxable Bonus Issue of one ordinary share for each ordinary share on issue at 12 September 1997.

**STEEL DISTRIBUTION AND PROCESSING** Auckland operations of Steel and Tube and Metal Sales relocated to new purpose-built facilities in East Tamaki.

**ENGINEERING AND FABRICATION** Southern Cross Hamilton moved to larger and more efficient leased premises.

**REINFORCING AND FABRICATION** Record profits earned for the period.

**A J FORSYTH & COMPANY LIMITED** Extensions completed at Vancouver and Prince George with a plasma cutter commissioned at both locations.



## Board of Directors



### **Dr RL Every**

Dr Every was appointed Chairman of the Board on 18 October 1996. He was appointed to the Board from Tubemakers of Australia Limited as an Executive Director in 1988. He was Chief Executive Officer of Steel & Tube Holdings Limited from 1 August 1989 until 30 June 1991. He was appointed Managing Director of Tubemakers of Australia Limited on 1 January 1996 and is now Group General Manager and Chief Operating Officer of BHP Steel's Coated Steel Division, located in Sydney.

### **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, Bay of Plenty Fertiliser Limited, New Zealand Symphony Orchestra Limited, Rangatira Limited, Danaflex Packaging Corporation Limited, Income Support (a division of Social Welfare) and a member of the Board of New Zealand Cricket.

### **Mr PL Muller**

Appointed a Director on 10 June 1997, Mr Muller is Group General Manager, Tubemakers Merchandising Group.

### **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 other subsidiaries and associates of The Broken Hill Proprietary Company Limited.

### **Mr AS Paterson**

Appointed a Director in 1975, Mr Paterson is a Director of New Zealand Petroleum Company Limited and Tru-Test 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.

The Directors have pleasure in presenting the Annual Report together with the financial statements of the Company and its subsidiaries for the eleven months ended 31 May 1997.

**Health and Safety**

Health and Safety continue to be a focus of the Group's business philosophy with considerable resources being allocated to increase safety awareness and improve working conditions. Du Pont Safety and Environmental Services has assisted management in providing employees with training and advice on safety improvements. Safety procedures and performance are kept under constant review by Safety Committees, Management and the Board.

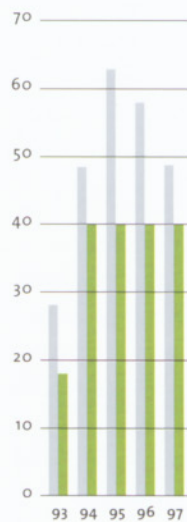
The resources allocated to this area have seen a significant improvement in the Group's safety record during the period and will enhance the prospects for further improvement next year.

**Results**

The Directors announce an audited profit after tax of \$19.6 million for the eleven months ended 31 May 1997. This is \$5.7 million less than the previous twelve months. Sales increased by \$31.9 million to \$387 million primarily owing to the inclusion of trading for the eleven months by recent acquisitions, A J Forsyth & Company Limited and Southern Cross Engineering.

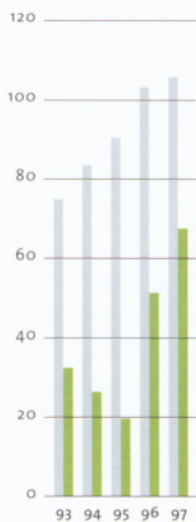
**Annualised Earnings (cents)**

- Earnings per share
- Dividends per share



**Debt: Equity (\$m)**

- Shareholders' equity
- Net interest-bearing debt



The weaker New Zealand economy led to lower profits earned by the Steel Distribution sector. The results from the Engineering Group were disappointing in part owing to reduced opportunities in the Forestry sector. A J Forsyth & Company Limited, the Company's Canadian subsidiary, and CP Reinforcing both increased profits in this period.

Directors expect no improvement in trading conditions for the balance of this calendar year but anticipate some recovery in the first half of 1998.

### **Dividends**

The Directors have declared a final dividend of 20 cents per share which will be paid on 8 August 1997 to holders of fully paid ordinary shares registered at 1 August 1997. The amount payable is \$8.7 million.

This dividend carries full imputation credits and makes a total distribution for the eleven months of 40 cents, which is the same as for the previous financial year.

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

### **Bonus Issue**

The Directors have also declared a Taxable Bonus Issue of one ordinary share for each ordinary share on issue at 12 September 1997. For tax purposes the bonus issue will be treated as a dividend in the hands of shareholders at a gross value of \$1.00 per share.

Imputation credits of 33 cents will attach to each bonus share. The share register will be closed for entitlements at 5.00 pm on Friday 12 September 1997 and 44,005,183 bonus shares allotted on Friday 19 September 1997. The Taxable Bonus Issue will distribute \$14.5 million from the Company's imputation credit account.

### **Financial Position**

Shareholders' equity increased to \$124 million from \$121 million in June 1996. During the year borrowings increased from \$60 million to \$79 million. The gearing ratio (debt : debt plus shareholders' equity) is 0.39 : 1. The Company continues to be in a sound position.

During the year, 50,000 shares paid up to one cent were issued under the Senior Executives' Share Scheme.

### **Directors**

Mr KT Cocks resigned from the Board of Directors on 18 October 1996. Mr JW Hall

was appointed to the Board on 6 December 1996 and resigned on 10 June 1997 as a result of his changed responsibilities within the BHP Group.

Mr PL Muller was appointed to fill a casual vacancy on 10 June 1997.

In accordance with the Company's Constitution Dr RL Every and Mr AS Paterson will retire by rotation and, being eligible, offer themselves for re-election.

Mr PL Muller will be proposed for election.

### **Committees of the Board**

The Board of Directors has an Audit Committee comprising Messrs GM Parker (Chairman), AS Paterson and BMJ Dineen. The 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.

### **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 at law. The Group has taken out Directors' and Officers' Liability Insurance which ensures that 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 The Broken Hill Proprietary Company Limited (BHP) are interested transactions. Details of these are given in Note 19 to the financial statements.

## Directors' Report (Continued)

### Remuneration of Directors

Total remuneration and benefits received or due and receivable at 31 May were:

	1997 11 months	1996 12 months
KT Cocks*	137,000	42,000
N Calavrias	333,000	370,000
AB Daniels*	-	70,000
BMJ Dineen	23,000	23,000
RL Every	36,000	21,000
JW Hall	12,000	-
AS Paterson	25,000	23,000
GM Parker	22,000	2,000
DT Smart	-	8,000

\* 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 31 May, were within the following bands:

Remuneration Range for Employees	No. of Employees in Each Band			
	Group		Parent	
	1997 11 mths	1996 12 mths	1997 11 mths	1996 12 mths
\$100,000 - \$109,999	7	-	5	-
\$110,000 - \$119,999	3	1	3	1
\$120,000 - \$129,999	1	2	1	1
\$130,000 - \$139,999	-	3	-	3
\$140,000 - \$149,999	1	-	1	-
\$150,000 - \$159,999	-	1	-	1
\$160,000 - \$169,999	-	1	-	-
\$170,000 - \$179,999	1	-	-	-
\$330,000 - \$339,999	1	-	1	-
\$370,000 - \$379,999	-	1	-	1

### Directors' Shareholdings

	As at 31 May 1997	As at 30 June 1996
N Calavrias*	225,000	225,000
BMJ Dineen	12,000	12,000
RL Every	3,000	1,000
GM Parker	2,000	-
AS Paterson	5,000	5,000

\* Mr N Calavrias also holds 130,000 shares under the Senior Executives' Share Scheme 1993, paid up to one cent per share.

On 29 October 1996, Dr RL Every purchased 2,000 ordinary shares in the Company for a consideration of \$15,200 and Mr GM Parker purchased 2,000 ordinary shares for a consideration of \$15,200. Messrs Dineen, Parker and Every have disclosed that they hold shares and/or options 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 1,105 to 1,255. This increase is mainly brought about by several major contracts being worked on by Robt Stone & Co. at year end.

The Directors wish to acknowledge the contribution made by all staff during the year.



Dr RL Every  
Chairman of Directors



Mr N Calavrias  
Chief Executive Officer

Dated 15 July 1997

## Business Locations

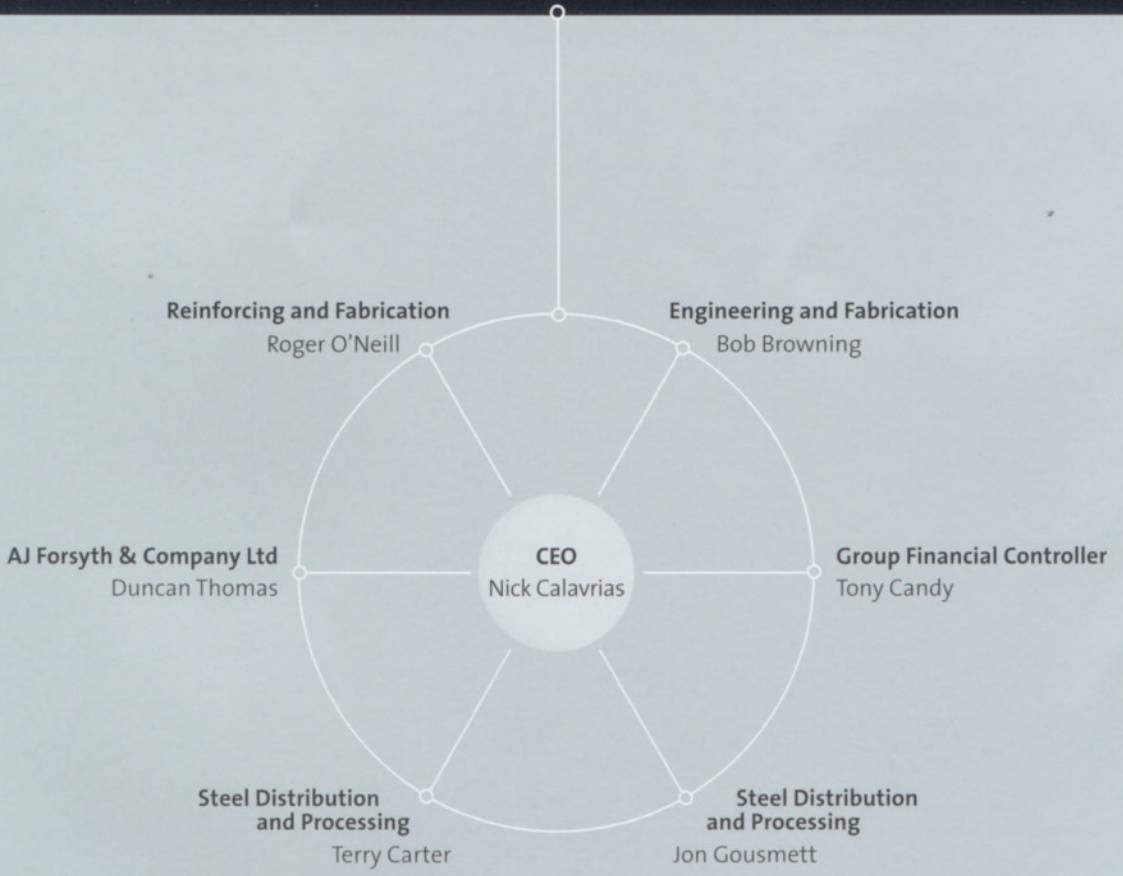
Processing, Fabrication & Distribution Locations in New Zealand and Canada



○	Corporate Office	●	Engineering and Fabrication
●	Rollforming	●	Steel Distribution and Processing
●	Reinforcing and Fabrication	●	Fastenings



# Executive Management Team



## Chief Executive Officer's Review of Operations

### Steel Distribution and Processing

A weaker New Zealand economy resulted in the Steel Distribution operations earning a reduced profit for the period under review. The strong growth experienced in the New Zealand economy since 1993 weakened considerably in 1996 and contracted in the first quarter of 1997, causing a reduced demand for Steel and Allied products.

Although sales and profit decreased from last year's record result, it was pleasing to note that the increased capital expenditure programme adopted in recent years enabled the Company to obtain further efficiencies in its operations and to increase market share for value added products from its Coil Processing and Plate Service Centres.

The Auckland operations of Steel & Tube and Metal Sales were relocated in May 1997 to new purpose-built facilities in East Tamaki. These facilities cost in excess of \$13 million and incorporate the latest methods in material handling equipment which will enable the Company to provide an enhanced service to its customers in the safest possible manner. The Company expects to obtain considerable efficiencies from these operations as the economic growth of the Northern Region increases.

The Steel Distribution operation has made considerable progress in its endeavours to reduce the number of lost time work injuries during the period. The lost time frequency rate reduced to 13.8 (previously 53.3) per one million hours worked while the number of lost time injuries reduced from 47 to 13.

Steel & Tube's new 13,000 sq.m. Auckland warehouse which is equipped with 13 high speed cranes supplied by Southern Cross Engineering.



Specialised racking systems for steel storage.

## Chief Executive Officer's Review of Operations *(Continued)*

### **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 period under review.

Steel volumes processed during the period increased by 6% compared with the previous year and reflect the large forward orders on hand at the commencement of the financial year.

Large contracts that were supplied during the period included:

- Quay West Apartments, Auckland
- Southern Eastern Arterial Motorway, Auckland
- Patiki Road Overpass, Auckland
- Mon Desir Apartments, Auckland
- Thermo Mechanical Pulp Mill Foundations, Auckland
- Extensions to International Airport Terminal, Christchurch.

CP Reinforcing is continuing its efforts in making the work place safer in line with the Company's philosophy. It expects to obtain accreditation to ISO 9002 in 1998.

The weaker New Zealand economy will provide fewer opportunities for reinforcing steel in the short term.

### **Engineering and Fabrication**

The Engineering operations were unable to overcome the difficult trading conditions that were encountered during the period under review and as a consequence traded at a loss.

Benefits expected from the recent acquisition of Southern Cross Engineering were not forthcoming owing to the reduced opportunities in providing processing and engineering solutions to the Forestry sector. This situation, however, is expected to improve during the next financial year as the world prices for Forestry products increase.

The Hamilton operations of Southern Cross Engineering relocated to larger and more efficient leased premises during the period.

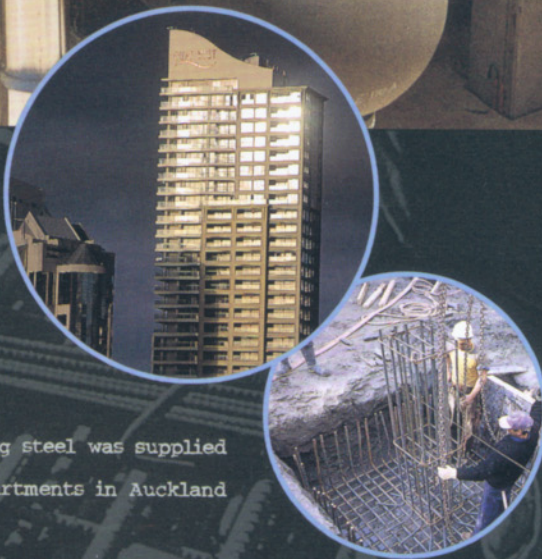
The short term outlook for the Engineering operations remains difficult.

New heat exchange bank and piping systems at The New Zealand Refining Co. Ltd's 'A' Block upgrade.



CHIEF EXECUTIVE OFFICER'S

Review of Operations



1,500 tonnes of reinforcing steel was supplied to the Quay West apartments in Auckland

## Chief Executive Officer's Review of Operations *(Continued)*

### **A J Forsyth & Company Limited**

A significant improvement in profit was made by the Company for the period under review, although still below expectations.

The economy of British Columbia remained sluggish during this period and did not assist the Company's recovery process, however there are now signs that the Forestry sector has bottomed out and a gradual improvement in economic growth is expected early to mid 1998.

As mentioned in the Annual Report last year, the Company had embarked on a number of initiatives to make the operations more efficient and competitive. I am pleased to be able to report that these initiatives were successfully implemented during the period under review and was primarily the reason for the improved result.

Extensions were completed to the warehouse facilities at Vancouver and Prince George during the period. This will now allow these facilities to operate more safely and efficiently. In addition new plate processing equipment was commissioned at both locations. The computer controlled plasma cutters, which are similar to those used in the New Zealand operations, have enabled the Company to increase its competitiveness and to provide an enhanced service to its clients.

There will be a continued focus on improving the current material handling methods of the Company and it is expected that further resources will be allocated during the next financial year for this to be accomplished.

The Company's increased focus on making the work place safer and training its employees on how to reduce the number of work related injuries is proving successful. We expect to see a significant improvement in this area during the next few years.

Coil bay extension at the  
Vancouver operations.



Dry kiln installation at  
Weldwood of Canada Ltd in  
Hinton, Alberta.

**Mr N Calavrias**  
Chief Executive Officer



## Statement of Financial Performance

of Steel & Tube Holdings Limited & its subsidiaries for the eleven months ended 31 May 1997

	Notes	Group		Parent	
		1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
Sales		<b>\$386,976</b>	\$355,120	<b>\$314,751</b>	\$299,257
Profit Before Taxation	3	<b>32,114</b>	38,711	<b>29,493</b>	36,362
Tax expense	4	<b>11,831</b>	13,564	<b>10,320</b>	12,577
Profit After Taxation		<b>20,283</b>	25,147	<b>19,173</b>	23,785
Minority interest in (profit)/loss of subsidiary		<b>(695)</b>	185	–	–
Profit Attributable to the Shareholders of the Parent Company		<b>\$19,588</b>	\$25,332	<b>\$19,173</b>	\$23,785

## Statement of Movements in Equity

of Steel & Tube Holdings Limited & its subsidiaries for the eleven months ended 31 May 1997

	Group		Parent	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
Equity at the Beginning of the Period	<b>121,249</b>	105,916	<b>113,677</b>	105,916
Net profit for the period	<b>19,588</b>	25,332	<b>19,173</b>	23,785
Net movement in revaluation of assets reserve	–	–	<b>359</b>	(5,942)
Net movement in foreign currency translation reserve	<b>(292)</b>	(543)	–	–
Total recognised revenue and expenses for the period	<b>19,296</b>	24,789	<b>19,532</b>	17,843
Increase in minority interest	<b>613</b>	7,572	–	–
Increase in paid-up capital	<b>519</b>	402	<b>519</b>	402
Net transfer to reserves on liquidation of subsidiaries	–	–	–	1,545
Net (decrease)/increase in reserves from amalgamation of subsidiaries	–	–	<b>(236)</b>	5,401
Dividends	<b>(17,464)</b>	(17,430)	<b>(17,464)</b>	(17,430)
Supplementary dividends	<b>(1,731)</b>	(961)	<b>(1,731)</b>	(961)
Foreign investor tax credit	<b>1,731</b>	961	<b>1,731</b>	961
Equity at the End of the Period	<b>\$124,213</b>	\$121,249	<b>\$116,028</b>	\$113,677

The accompanying notes form part of and are to be read in conjunction with these financial statements.



## Statement of Financial Position

of Steel & Tube Holdings Limited & its subsidiaries  
as at 31 May 1997

	Notes	Group		Parent	
		1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
<b>Equity</b>					
Paid-up capital	8	<b>69,084</b>	68,565	<b>69,084</b>	68,565
Reserves	9	<b>(835)</b>	(543)	<b>359</b>	–
Retained earnings		<b>47,779</b>	45,655	<b>46,585</b>	45,112
<b>Shareholders' Funds</b>					
Minority interest		<b>116,028</b>	113,677	<b>116,028</b>	113,677
		<b>8,185</b>	7,572	–	–
		<b>124,213</b>	121,249	<b>116,028</b>	113,677
<b>Non-Current Liabilities</b>					
	10	<b>30,532</b>	18,500	<b>109,862</b>	104,481
<b>Current Liabilities</b>					
Short term borrowings	11	<b>48,238</b>	41,419	<b>33,130</b>	21,298
Accounts payable	12	<b>28,064</b>	31,033	<b>20,929</b>	23,611
Proposed dividend	6	<b>8,732</b>	8,715	<b>8,732</b>	8,715
		<b>85,034</b>	81,167	<b>62,791</b>	53,624
		<b>\$239,779</b>	\$220,916	<b>\$288,681</b>	\$271,782
<b>Non-Current Assets</b>					
Fixed assets	13	<b>63,023</b>	55,494	<b>44,732</b>	38,789
Investments	14	<b>457</b>	474	<b>104,523</b>	100,318
Goodwill		<b>8,848</b>	10,692	<b>6,203</b>	7,732
Future income tax benefit	5	<b>321</b>	797	<b>1,025</b>	1,520
Long term receivables	15	<b>2,635</b>	2,693	<b>118</b>	170
		<b>75,284</b>	70,150	<b>156,601</b>	148,529
<b>Current Assets</b>					
Cash in bank		<b>6</b>	1,460	<b>1</b>	816
Accounts receivable and prepayments	16	<b>78,025</b>	77,044	<b>63,318</b>	64,360
Inventories	17	<b>86,060</b>	72,212	<b>67,916</b>	57,633
Tax refund due		<b>404</b>	50	<b>845</b>	444
		<b>164,495</b>	150,766	<b>132,080</b>	123,253
		<b>\$239,779</b>	\$220,916	<b>\$288,681</b>	\$271,782

On behalf of the Board  
Dated 15 July 1997



**Dr RL Every**  
Chairman of Directors



**Mr N Calavrias**  
Chief Executive Officer

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## Statement of Cash Flows

of Steel & Tube Holdings Limited & its subsidiaries for the eleven months ended 31 May 1997

	Group		Parent	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
<b>Cash Flows From Operating Activities</b>				
Cash was provided from/(applied to):				
Receipts from customers	<b>388,368</b>	346,360	<b>318,127</b>	289,976
Interest received	<b>442</b>	656	<b>438</b>	555
Payments to suppliers and employees	<b>(363,894)</b>	(310,293)	<b>(292,164)</b>	(256,117)
Income taxes paid	<b>(10,014)</b>	(9,850)	<b>(8,630)</b>	(10,443)
Interest paid	<b>(4,425)</b>	(3,522)	<b>(3,567)</b>	(2,692)
Net cash flow from operating activities	<b>10,477</b>	23,351	<b>14,204</b>	21,279
<b>Cash Flows From Investing Activities</b>				
Cash was provided from/(applied to):				
Sale of fixed assets	<b>6,763</b>	1,827	<b>6,724</b>	1,702
Purchase of fixed assets	<b>(20,617)</b>	(8,301)	<b>(18,147)</b>	(7,923)
Acquisitions	<b>-</b>	(18,160)	<b>-</b>	(18,160)
Net cash flow to investing activities	<b>(13,854)</b>	(24,634)	<b>(11,423)</b>	(24,381)
<b>Cash Flows From Financing Activities</b>				
Cash was provided from/(applied to):				
Proceeds from call on shares	<b>519</b>	402	<b>519</b>	402
Net proceeds from total borrowings	<b>15,760</b>	17,165	<b>12,500</b>	18,341
Dividends paid	<b>(17,447)</b>	(17,417)	<b>(17,447)</b>	(17,417)
Net cash flow from/(to) financing activities	<b>(1,168)</b>	150	<b>(4,428)</b>	1,326
Net cash flow	<b>(4,545)</b>	(1,133)	<b>(1,647)</b>	(1,776)
Opening cash brought forward	<b>(838)</b>	295	<b>(1,482)</b>	294
Closing cash carried forward	<b>\$(5,383)</b>	\$(838)	<b>\$(3,129)</b>	\$(1,482)
Cash comprises:				
Cash in bank	<b>6</b>	1,460	<b>1</b>	816
Bank overdraft	<b>(5,389)</b>	(2,298)	<b>(3,130)</b>	(2,298)
	<b>\$(5,383)</b>	\$(838)	<b>\$(3,129)</b>	\$(1,482)

The accompanying notes form part of and are to be read in conjunction with these financial statements.

**Statement of Cash Flows (Continued)**

of Steel &amp; Tube Holdings Limited &amp; its subsidiaries for the eleven months ended 31 May 1997

	Group		Parent	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
<b>Reconciliation of Profit After Taxation to Cash Flow From Operating Activities</b>				
Profit after taxation	<b>20,283</b>	25,147	<b>19,173</b>	23,785
Less items classified as Investing or Financing activities:				
Net gain on sale of fixed assets	<b>(1,105)</b>	(487)	<b>(1,111)</b>	(487)
	<b>(1,105)</b>	(487)	<b>(1,111)</b>	(487)
Add non-cash items:				
Depreciation	<b>5,193</b>	4,654	<b>4,297</b>	3,948
Amortisation of goodwill	<b>1,807</b>	1,954	<b>1,529</b>	1,539
Writedown of investment in subsidiaries	–	–	–	770
Decrease in future income tax benefit	<b>476</b>	576	<b>495</b>	453
	<b>7,476</b>	7,184	<b>6,321</b>	6,710
Movements in working capital items:				
(Decrease)/increase in income tax payable	<b>(354)</b>	2,626	<b>(401)</b>	1,200
(Increase)/decrease in accounts receivable and prepayments	<b>(981)</b>	(14,842)	<b>1,042</b>	(15,982)
(Decrease)/increase in accounts payable and provisions	<b>(2,969)</b>	(870)	<b>(2,682)</b>	1,859
Increase in inventories	<b>(13,848)</b>	(1,379)	<b>(10,283)</b>	(1,778)
Movements in working capital classified as investing or financing activities	<b>1,975</b>	5,972	<b>2,145</b>	5,972
	<b>(16,177)</b>	(8,493)	<b>(10,179)</b>	(8,729)
<b>Net Cash Flow From Operating Activities</b>	<b>\$10,477</b>	\$23,351	<b>\$14,204</b>	\$21,279
<b>Summary of the Effects of Acquisition of Subsidiaries</b>				
Net assets acquired:				
Fixed assets	–	20,752		
Net current assets	–	8,741		
Term liabilities	–	(8,614)		
Minority interest	–	(7,757)		
	–	13,122		
Goodwill on acquisition	–	5,038		
<b>Cash Paid</b>	–	\$18,160		

The accompanying notes form part of and are to be read in conjunction with these financial statements.

## 1. Statement of Accounting Policies

These financial statements are presented and 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 preparation and reporting of these financial statements are based on the historical cost method, modified by the revaluation of certain assets.

### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance, financial position and cash flows have been applied and are unchanged from last year.

#### (a) Basis of Consolidation

The consolidated financial statements are prepared from the financial statements of the Parent Company and its subsidiaries as at 31 May 1997 using the purchase method. All significant transactions between Group companies are eliminated on consolidation.

#### (b) 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.

#### (c) Goodwill

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

#### (d) Fixed Assets

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

Until 1991 land and buildings 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.

#### (e) Depreciation

Depreciation is charged on a straight line basis to write off the cost or valuation of the fixed assets over their estimated useful lives as follows:

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

Land and capital work in progress are not depreciated.

#### (f) Investments

Investments in subsidiaries 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 and rental income are accounted for as earned.

#### (g) Inventories

Stock is valued at the lower of cost or net realisable value. Cost is established principally on the average cost method which approximates actual cost determined on a first in first out basis. Manufactured goods are valued at direct costs of labour, materials and overheads. 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 recorded at the estimated realisable value after providing against debts where collection is doubtful.

**(i) Taxation**

The liability method of accounting for deferred tax 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 after allowance for permanent differences. This is the comprehensive basis for the calculation of deferred tax.

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

**(j) Lease Commitments**

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

**(k) Foreign Currencies**

Foreign currency transactions are converted at the exchange rates at the date the transaction is entered into 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. 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.

The financial statements of independent foreign operations are converted to New Zealand dollars at the rate of exchange ruling at 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:

- (i) Cash is considered to be cash on hand, call deposits, current accounts in banks, and bank overdrafts.
- (ii) 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.
- (iii) 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.
- (iv) Operating activities include all transactions and other events that are not investing or financing activities.

**(n) Reclassifications**

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

**Changes in Accounting Policies**

There have been no material changes in accounting policies during the period.

**2. Business Activity During the Period**

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

	Group		Parent	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)

### 3. Profit Before Taxation

Profit before taxation is stated:

After charging/(crediting):

Amortisation of goodwill	1,807	1,954	1,529	1,539
Auditors' remuneration – audit services	261	248	228	211
– other services	369	399	369	381
Bad debts written off	641	261	589	247
Increase/(decrease) in provision for doubtful debts	21	(187)	(130)	(268)
Depreciation	5,193	4,654	4,297	3,948
Directors' fees	130	129	130	129
Donations	23	45	23	15
Interest expense	4,425	3,522	3,567	2,692
Interest income	(442)	(656)	(438)	(555)
Net gain on disposal of assets	(1,105)	(487)	(1,111)	(487)
Rent and leasing costs	3,493	2,841	3,146	2,777
Writedown of properties held for sale	220	447	220	447
Writedown of investment in subsidiaries	–	–	–	770

### 4. Tax Expense

Profit before taxation	\$32,114	\$38,711	\$29,493	\$36,362
Tax at 33% (1996: 33%)	10,598	12,775	9,733	11,999
Add/(less) tax effect of:				
Non-assessable income	(251)	(113)	(251)	(118)
Non-deductible expenditure	974	1,012	749	984
Under/(over) provision in prior periods	201	(242)	89	(288)
Adjustment for tax at other rates	309	132	–	–
	\$11,831	\$13,564	\$10,320	\$12,577

The tax expense is represented by:

Tax payable in respect of the current period	11,355	12,988	9,825	12,124
Transfer from future income tax benefit	476	576	495	453
	\$11,831	\$13,564	\$10,320	\$12,577

### 5. Future Income Tax Benefit

Future income tax benefit at the beginning of the period	797	2,111	1,520	1,997
Balances of subsidiaries acquired	–	(738)	–	(24)
Transfer to tax expense	(476)	(576)	(495)	(453)
Future income tax benefit at the end of the period	\$321	\$797	\$1,025	\$1,520

	Group and Parent	
	1997 (\$'000)	1996 (\$'000)
<b>6. Dividends Paid and Declared</b>		
Interim dividend paid of 20 cents per share (1996: 20 cents per share)	<b>8,732</b>	8,715
Final dividend declared of 20 cents per share (1996: 20 cents per share)	<b>8,732</b>	8,715
	<b>\$17,464</b>	\$17,430
<b>7. Imputation Credit Account</b>		
Balance at the beginning of the period	<b>13,007</b>	10,742
Add/(less):		
Income tax paid	<b>8,630</b>	10,443
Transfer from/(to) subsidiaries	<b>662</b>	(565)
Imputation credits attached to dividends received	<b>5</b>	4
Imputation credits attached to dividends paid	<b>(6,862)</b>	(7,617)
Balance at the end of the period	<b>\$15,442</b>	\$13,007
Imputation credits directly and indirectly available to the shareholders at 31 May:		
Parent	<b>15,442</b>	13,007
Subsidiaries	<b>917</b>	1,580
	<b>\$16,359</b>	\$14,587
<b>8. Paid-Up Capital</b>		
Issued and paid-up capital at the beginning of the period	<b>68,565</b>	68,093
Issued to Employee Share Purchase Scheme	<b>-</b>	402
Issued to Senior Executives' Share Scheme	<b>25</b>	70
Call on Senior Executives' Share Scheme	<b>494</b>	-
Issued and paid-up capital at the end of the period	<b>\$69,084</b>	\$68,565
Shares on issue at the end of the period	<b>44,005,183</b>	43,955,183

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

	Group		Parent	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
<b>9. Reserves</b>				
<b>Assets Revaluation Reserve</b>				
Balance at the beginning of the period	-	-	-	5,942
Revaluations during the period	-	-	359	(5,942)
Balance at the end of the period	-	-	359	-
<b>Foreign Currency Translation Reserve</b>				
Balance at the beginning of the period	(543)	-	-	-
Movements during the period	(292)	(543)	-	-
Balance at the end of the period	(835)	(543)	-	-
<b>Total Reserves at the End of the Period</b>	<b>\$(835)</b>	<b>\$(543)</b>	<b>\$359</b>	<b>-</b>

**10. Non-Current Liabilities**

Bank term loans	49,032	18,500	38,500	18,500
Advance from subsidiaries	-	-	89,862	85,981
	49,032	18,500	128,362	104,481
Less bank term loans repayable within one year (Note 11)	(18,500)	-	(18,500)	-
	\$30,532	\$18,500	\$109,862	\$104,481

The bank term loans have an average interest rate of 7% per annum and are due for repayment within one to two years. Advance from subsidiaries are interest free and repayable on demand.

**11. Short Term Borrowings**

Bank overdraft	5,389	2,298	3,130	2,298
Bank loans	24,349	39,121	11,500	19,000
Bank term loans repayable within one year (Note 10)	18,500	-	18,500	-
	\$48,238	\$41,419	\$33,130	\$21,298

Interest rates on bank loans ranged from 3% to 10% during the year (1996: 5% to 10%). The current portion of bank term loans have the same interest rate as the term portion in Note 10. The credit facilities provided by the banks are subject to the conditions of the Group's Deed of Negative Pledge. The overdraft and bank loans can be drawn at any time. The overdraft facilities may be terminated by the bank on demand. Interest rates on all facilities are variable.

The bank facility arranged with the Bank of America for A J Forsyth & Company Limited has been guaranteed by Steel & Tube Holdings Limited and The Broken Hill Proprietary Company Limited.



	Group		Parent	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
<b>12. Accounts Payable</b>				
Trade creditors	17,269	19,583	11,660	13,372
Provisions and accruals	7,747	8,961	6,909	8,483
Employee entitlements	3,048	2,489	2,360	1,756
	<b>\$28,064</b>	<b>\$31,033</b>	<b>\$20,929</b>	<b>\$23,611</b>
<b>13. Fixed Assets</b>				
Freehold land				
At cost	3,392	3,528	3,300	3,447
At Directors' valuation	2,022	2,659	1,725	2,443
	<b>5,414</b>	<b>6,187</b>	<b>5,025</b>	<b>5,890</b>
Leasehold land				
At cost	799	29	29	29
At Directors' valuation	3,402	4,394	81	151
	<b>4,201</b>	<b>4,423</b>	<b>110</b>	<b>180</b>
Buildings				
At cost	22,973	11,393	15,491	10,997
Less accumulated depreciation	(3,554)	(713)	(525)	(713)
	<b>19,419</b>	<b>10,680</b>	<b>14,966</b>	<b>10,284</b>
At Directors' valuation	5,944	10,529	3,446	4,936
Less accumulated depreciation	(380)	(522)	(380)	(437)
	<b>5,564</b>	<b>10,007</b>	<b>3,066</b>	<b>4,499</b>
Plant and equipment				
At cost	53,820	43,469	42,233	36,962
Less accumulated depreciation	(25,395)	(19,272)	(20,668)	(19,026)
	<b>28,425</b>	<b>24,197</b>	<b>21,565</b>	<b>17,936</b>
	<b>\$63,023</b>	<b>\$55,494</b>	<b>\$44,732</b>	<b>\$38,789</b>

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. 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 31 May 1997. Included in the net book values are properties held for sale at their estimated realisable value of \$1.17 million (1996: \$1.66 million).

	Group		Parent	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)

**14. Investments**

Shares in subsidiaries	–	–	104,066	99,844
Other investments	457	474	457	474
	<b>\$457</b>	<b>\$474</b>	<b>\$104,523</b>	<b>\$100,318</b>

The principal operating subsidiaries are:	Country of Incorporation	Percentage Shareholding	Principal Activities
David Crozier Limited .....	New Zealand	100%	Finance company
EMCO Group Limited .....	New Zealand	100%	Finance company
NZMC Limited .....	New Zealand	100%	Investment company
Robert Stone (Malaysia) Limited.....	Malaysia	100%	Investment company
Steel & Tube New Zealand Limited .....	New Zealand	100%	Investment company
Stube Industries Limited .....	New Zealand	100%	Property company
A J Forsyth & Company Limited .....	Canada	51%	Steel distribution and processing

The financial year end of all subsidiaries is 31 May.

**15. Long Term Receivables**

Employee Share Purchase Scheme	118	170	118	170
Trade advance	2,500	2,500	–	–
Other	17	23	–	–
	<b>\$2,635</b>	<b>\$2,693</b>	<b>\$118</b>	<b>\$170</b>

**16. Accounts Receivable and Prepayments**

Trade debtors	68,745	70,197	54,311	57,992
Prepayments and other receivables	9,280	6,847	9,007	6,368
	<b>\$78,025</b>	<b>\$77,044</b>	<b>\$63,318</b>	<b>\$64,360</b>

**17. Inventories**

Work in progress	7,986	1,449	7,986	1,449
Stock	78,074	70,763	59,930	56,184
	<b>\$86,060</b>	<b>\$72,212</b>	<b>\$67,916</b>	<b>\$57,633</b>

	Group		Parent	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
<b>18. Commitments</b>				
<b>(a) Operating lease commitments</b>				
The Group leases premises with lease terms in excess of one year with the right to renew the lease subject to a redetermination of the lease rental by the lessor.				
The aggregate lease commitments are as follows:				
(i) Within 1 year	4,232	2,833	4,170	2,771
(ii) Within 1–2 years	3,858	2,323	3,796	2,261
(iii) Within 2–5 years	9,198	4,396	9,013	4,211
(iv) Beyond 5 years	10,685	2,762	10,222	2,304
	<b>\$27,973</b>	<b>\$12,314</b>	<b>\$27,201</b>	<b>\$11,547</b>
<b>(b) Capital commitments</b>				
The Group has capital commitments of \$2.93 million (1996: \$11.39 million).				
<b>19. Related Party Transactions</b>				
Steel & Tube Holdings Limited is a 50.11% (1996: 50.61%) subsidiary of Tubemakers of New Zealand Limited. Tubemakers of New Zealand Limited is controlled by The Broken Hill Proprietary Company Limited (BHP).				
The Group sourced 26.0% (1996: 32.3%) of its purchases from BHP Group. At 31 May 1997 the Group owed BHP Group \$4.86 million (1996: \$7.39 million) paid in June 1997. All transactions with BHP Group are conducted on an arm's length basis and at normal commercial terms.				
<b>20. Contingent Liabilities</b>				
Guarantees under contracts and other contingent liabilities of the Parent and Group total \$3.09 million (1996: \$3.50 million). These have been entered into in the ordinary course of business.				
<b>21. Employee Share Purchase Scheme</b>				
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 subsequently replaced by s DF7 of the Income Tax Act 1994.				
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 \$2,340 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 employees.				
The Trustees of the Scheme are Mr N Calavrias, Mr AS Paterson 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 31 May 1997 the Scheme held 64,300 ordinary fully paid shares (1996: 64,300) of which 7,950 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 31 May 1997.				
The Scheme's share purchase was funded by an interest free loan from Steel & Tube Holdings Limited. The principal outstanding at 31 May 1997 is \$202,830 and is reduced by proceeds from employees' contributions on a regular basis.				

	New Zealand processing, fabrication and distribution of steel products		Canadian processing, fabrication and distribution of steel products		Group	
	1997 11 months (\$000)	1996 12 months (\$000)	1997 11 months (\$000)	1996 12 months* (\$000)	1997 11 months (\$000)	1996 12 months (\$000)
<b>22. Segment Information</b>						
Geographical segments						
Total sales	<b>\$314,751</b>	\$309,210	<b>\$72,225</b>	\$45,910	<b>\$386,976</b>	\$355,120
Segment result	<b>\$32,576</b>	\$40,668	<b>\$3,521</b>	\$909	<b>\$36,097</b>	\$41,577
Net interest expense					<b>(3,983)</b>	(2,866)
Taxation					<b>(11,831)</b>	(13,564)
Total unallocated expenses					<b>(15,814)</b>	(16,430)
Profit after taxation					<b>20,283</b>	25,147
Minority interest					<b>(695)</b>	185
Profit for the year attributable to shareholders					<b>\$19,588</b>	\$25,332
Segment assets	<b>\$184,588</b>	\$172,264	<b>\$55,191</b>	\$48,652	<b>\$239,779</b>	\$220,916

\*Total sales and the segment result are based on an 8-month period from 1 November 1995, the acquisition date.

**23. Financial Instruments****Currency and Interest Rate Risk**

Nature of activities and management policies with respect to financial instruments.

**(a) 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 by using forward and spot foreign exchange contracts.

The net notional amount of forward foreign exchange contracts of the Parent and Group outstanding at 31 May is \$7.70 million (1996: \$13.26 million).

**(b) Interest Rate**

The Group uses both short term floating and long term fixed rate borrowings to fund ongoing activities.

**(c) Concentration of Credit Risk**

In the normal course of its business the Group incurs credit risk from trade debtors and transactions with financial institutions. The Group has a credit policy 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 has no significant concentrations of credit risk, and does not require any collateral or security to support financial instruments held with financial institutions owing to the quality of the institutions with which it deals.

**Fair Values**

The estimated fair values of the Group's financial assets and liabilities which differ from their carrying values are noted below:

	1997 (\$000)		1996 (\$000)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Parent Company</b>				
Bank term loans	(20,000)	(20,030)	(18,500)	(18,162)
Foreign exchange contracts	-	4	-	(116)
<b>Group</b>				
Bank term loans	(30,532)	(30,467)	(18,500)	(18,162)
Foreign exchange contracts	-	4	-	(116)

The Group anticipates that bank term loans will be held to maturity and therefore settlement at the fair value is unlikely.

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

**Cash, Accounts Receivable, Bank Overdraft, Accounts Payable, Short Term Loans, and Advances from Subsidiaries**

The carrying values of these items are equivalent to the fair values, and therefore are excluded from the above table.

**Unlisted Investments**

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

**Bank Term Loans**

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

**Foreign Exchange Contracts**

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

## Auditors' Report

Coopers  
& Lybrand

chartered accountants  
and business advisers

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UDC Tower  
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Wellington  
New Zealand

telephone 0-4-499 9898  
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### To the Shareholders of Steel & Tube Holdings Limited

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We have audited the financial statements on pages 14 to 27. The financial statements provide information about the past financial performance and financial position of the Company and Group as at 31 May 1997. This information is stated in accordance with the accounting policies set out on pages 18 to 19.

#### 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 31 May 1997 and the results of operations and cash flows for the eleven months 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 fraud or error. 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. Other than in these capacities and in our capacity as auditors, we have no relationships with, or interests in, the Company or any of its subsidiaries.

**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 14 to 27:
  - comply with generally accepted accounting practice; and
  - give a true and fair view of the financial position of the Company and Group as at 31 May 1997 and the results of their operations and cash flows for the eleven months ended on that date.

Our audit was completed on 15 August 1997 and our unqualified opinion is expressed as at that date.

*Coopers & Lybrand*

Chartered Accountants  
Wellington

## Comparative Review

of Steel & Tube Holdings Limited & its subsidiaries

	Note	1997 11 months (\$000)	1996 12 months (\$000)	1995 12 months (\$000)	1994 15 months (\$000)	1993 12 months (\$000)
<b>Financial Performance</b>						
Sales		<b>386,976</b>	355,120	335,744	367,325	275,249
Profit before tax		<b>32,114</b>	38,711	43,598	39,319	19,515
Tax		<b>11,831</b>	13,564	14,629	11,771	6,824
Profit after tax		<b>20,283</b>	25,147	28,969	27,548	12,691
Minority interest		<b>(695)</b>	185	(1,541)	(1,179)	(305)
Retained earnings in associate companies		–	–	–	–	(104)
Total Group profit after tax		<b>19,588</b>	25,332	27,428	26,369	12,282
Dividends		<b>(17,464)</b>	(17,430)	(17,397)	(17,375)	(7,816)
Transfer from revaluation of assets reserve		–	–	–	24	–
Increase in retained earnings		<b>2,124</b>	7,902	10,031	9,018	4,466
<b>Financial Position</b>						
Paid-up capital		<b>69,084</b>	68,565	68,163	67,809	67,758
Current assets		<b>164,495</b>	150,766	108,685	113,851	125,981
Current liabilities		<b>85,034</b>	81,167	53,542	55,429	88,962
Net current assets		<b>79,461</b>	69,599	55,143	58,422	37,019
Total assets		<b>239,779</b>	220,916	159,458	163,354	186,638
Total liabilities		<b>115,566</b>	99,667	53,542	65,429	98,962
Minority interest		<b>8,185</b>	7,572	–	2,394	1,214
Shareholders' funds		<b>116,028</b>	113,677	105,916	95,531	86,462
<b>Statistics</b>						
Dividends in cents per share		<b>40.0</b>	40.0	40.0	40.0	18.0
Times dividend covered		<b>1.1</b>	1.5	1.6	1.5	1.6
Earnings in cents per share	(1)	<b>48.9</b>	58.1	63.0	48.6	28.3
Percentage return on:						
Sales		<b>5.1</b>	7.1	8.2	7.2	4.5
Shareholders' funds at period end	(1)	<b>18.4</b>	22.3	25.9	22.1	14.2
Current assets to current liabilities		<b>1.9:1</b>	1.9:1	2.0:1	2.1:1	1.4:1
Net assets in cents per share		<b>266</b>	261	243	220	199
Shareholders' funds to total assets (%)		<b>48</b>	51	66	58	54
Number of ordinary shareholders		<b>5,148</b>	5,075	4,609	4,554	5,189
Number of employees at period end		<b>1,255</b>	1,105	648	769	672

Note:

(1) The earnings in cents per share and percentage return on shareholders' funds at period end have been annualised for the periods ended 31 May 1997 and 30 June 1994.



## Shareholder Statistics

of Steel & Tube Holdings Limited as at 30 June 1997

### Census of Shareholders

Size of Holdings	No of Shareholders	No of Shares	%
1 - 499	2,169	421,659	0.96
500 - 999	962	657,060	1.49
1,000 - 4,999	1,667	3,302,606	7.51
5,000 - 9,999	212	1,305,070	2.97
10,000 - 49,999	101	1,805,531	4.10
50,000 - 99,999	7	438,700	1.00
Over 100,000	30	36,074,557	81.97
	5,148	44,005,183	100.00

### Twenty Largest Shareholders

The twenty largest shareholders holding 76.5% of the issued shares are as follows:

Tubemakers of New Zealand Limited	22,053,620	50.11
ANZ Nominees Limited	3,243,590	7.37
BT New Zealand Nominees Limited	1,393,569	3.17
National Nominees New Zealand Limited	1,203,700	2.73
The Trustees Executors and Agency Company of New Zealand Limited	824,506	1.87
The New Zealand Insurance Life Limited	555,000	1.26
Accident Rehabilitation and Compensation Insurance Corporation	526,700	1.20
National Mutual Life Association of Australasia Limited A Account	516,500	1.17
Guardian Assurance Limited - Equity Fund	455,000	1.03
Premier Nominees Limited - Armstrong Jones New Zealand Share Fund	443,227	1.00
Guardian Assurance Limited - Saveguard	380,000	0.86
The NZ Guardian Trust Co. Limited - Guardian Trust Investment Limited	359,170	0.81
Norwich Union Life Insurance (NZ) Limited - Main Fund	338,400	0.77
The Public Trustee - A/c GIF No. 41	275,278	0.62
Nicholas and Mariana Calavrias	225,000	0.51
Athene Nominees Limited	185,000	0.42
Windley Nominees Limited	176,568	0.40
G.T. Nominees Limited- NZ Select Companies Trust	172,358	0.39
Citibank Nominees (New Zealand) Limited	170,341	0.39
The NZ Guardian Trust Co. Limited - NZI Investment Nominees Limited	168,450	0.38

## Substantial Security Holders

of Steel & Tube Holdings Limited as at 30 June 1997

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 June 1997 are as follows:

Name	Fully Paid Ordinary Shares Held	Percentage of Total Shares on Issue
Tubemakers of Australia Limited	22,053,620	50.11
Tower Corporation	2,659,192	6.04
<b>Securities on issue comprise:</b>		
Fully paid ordinary shares carrying full voting rights		43,661,183
Senior Executives' shares partly paid to one cent		344,000

## 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 AC Candy*

### Steel Distribution & Processing

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

*Chief Executive Officer Mr N Calavrias*

### Reinforcing & Fabrication

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

*General Manager Mr RJ O'Neill*

### Engineering & Fabrication

492 Great South Road, Otahuhu, Auckland  
PO Box 40, Auckland

*General Manager Mr R Browning*

### A J Forsyth & Company Limited

830 Carlisle Road, New Westminster,  
Vancouver, Canada

*President Mr D Thomas*

### Auditors

Coopers & Lybrand


### Share Registry

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

### Principal Bankers

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



 Steel & Tube Holdings Limited

