



Steel & Tube Holdings Limited

2000 ANNUAL REPORT

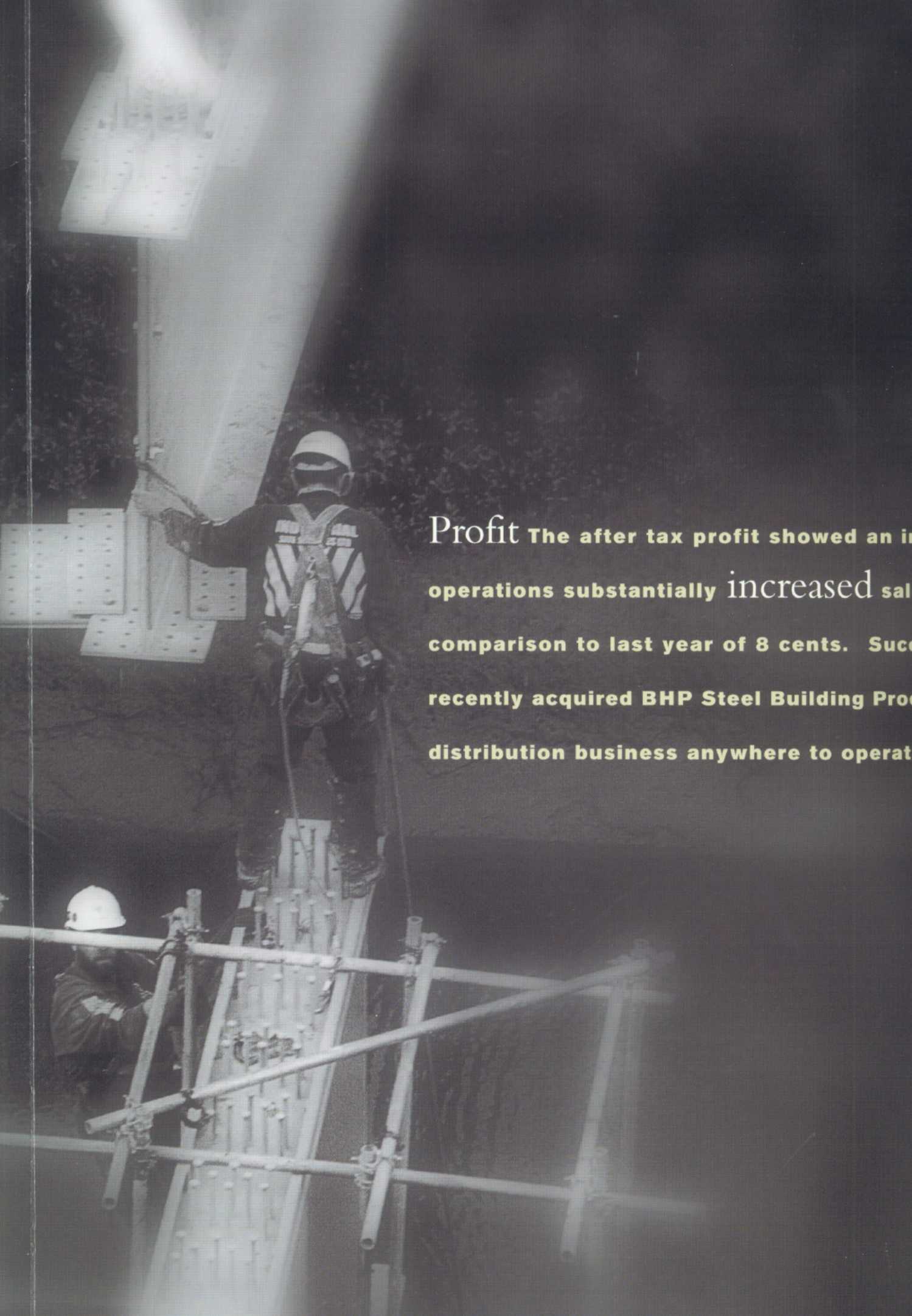


2000 HIGHLIGHTS

OREWA RIVER BRIDGE – The final 12 tonne fabricated steel beam is lowered into place on the mid-span section of the Orewa River West Bridge.

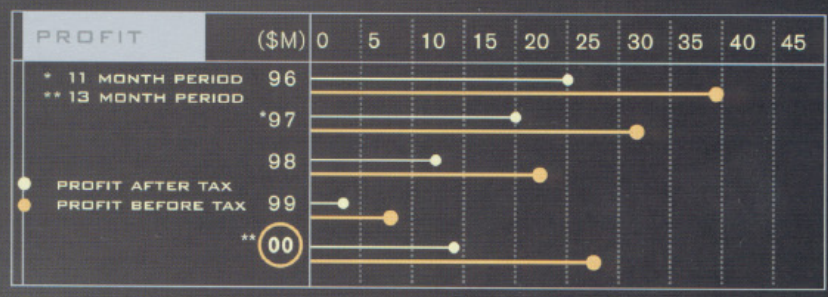
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Profit The after tax profit showed an increase in operations substantially increased sales in comparison to last year of 8 cents. Success recently acquired BHP Steel Building Products distribution business anywhere to operate

an increase of over 300% when compared to last year. Canadian
 sales and earnings. Dividend Payment of 13 cents in
 Successful integration of existing Roofing operations with
 Products New Zealand Limited. Internet Business First steel
 operate solely through electronic commerce. STEEL & TUBE HOLDINGS LIMITED



STEEL & TUBE HOLDINGS LIMITED

BOARD OF DIRECTORS

**DR R L EVERY**

CHAIRMAN

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, Group General Manager and Chief Executive Officer of BHP Steel Products in 1997 and President of BHP Steel in January 1999. Dr Every is currently Managing Director and Chief Executive Officer of OneSteel Limited.

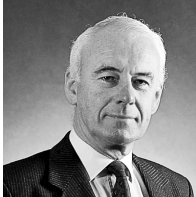
**MR N CALAVRIAS**

CHIEF EXECUTIVE OFFICER

In September 1990 Mr Calavrias was appointed Executive Director following the acquisition of the Acorn Pacific Corporation Group of which he was Managing Director. He was appointed Chief Executive Officer of the Group from 1 July 1991 and is a Director of all subsidiary companies of Steel & Tube Holdings Limited. Mr Calavrias is a member of the New Zealand Business Roundtable.

**MR B L CARRASCO**

Appointed a Director on 30 March 1998, Mr Carrasco is Executive Director and Chief Financial Officer of OneSteel Limited. He was formerly Vice President Finance, BHP Steel. Mr Carrasco is a Director of A J Forsyth & Company Limited.

**MR B M J 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, New Zealand Symphony Orchestra Limited, Rangatira Limited, Tru Test Corporation Limited, Danaflex Packaging Corporation Limited, and a member of the Board of New Zealand Cricket.

**MR P L MULLER**

Appointed a Director on 10 June 1997. Mr Muller is Chief Strategic Officer of OneSteel Limited. He was formerly President of BHP Steel Tubemakers Merchandising Group. Mr Muller is a Director of A J Forsyth & Company Limited.

**MR A S PATERSON**

Appointed a Director in 1975, Mr Paterson is Chairman of Spectrum Resources Limited.

**MR A C CANDY**

Appointed Company Secretary in February 1992, Mr Candy joined the Company as Financial Controller of the Merchandising Division in 1988 and is a Director of all subsidiary companies of Steel & Tube Holdings Limited.

The Directors present the Annual Report together with the financial statements of the Company and its subsidiaries for the **thirteen months ended 30 June 2000.**

RESULTS

The financial result for the thirteen months ended 30 June 2000 was an after tax profit of \$14.26 million. This compares favourably with the \$3.36 million recorded in the year ending 31 May 1999.

DIVIDENDS

Directors declared a dividend of 7 cents per share which was paid on 28 August 2000 to holders of fully paid ordinary shares registered at 18 August 2000. The amount payable was \$6.1 million. This dividend carried full imputation credits and makes a total distribution for the financial period of 13 cents, which compares with an amount of 8 cents per share for the previous year.

FINANCIAL POSITION

Shareholders' equity increased to \$140.6 million from \$125.8 million last year. During the year borrowings increased by \$4.8 million to \$49.8 million, principally due to the acquisition of the Roofing business from BHP. The gearing ratio (debt:debt plus shareholders' equity) is 0.26:1. The Company continues to be in a sound position.

AUDITORS

In accordance with section 200 of the Companies Act 1993, the Auditors, PricewaterhouseCoopers, continue in office.

DIRECTORS

In accordance with the Company's Constitution, Mr B M J Dineen and Mr P L Muller will retire by rotation and, being eligible, offer themselves for re-election.

PERSONNEL

The number of employees has increased to 742 from 648. This increase is mainly due to the acquisition of the BHP roofing operations during the year.

The Directors wish to acknowledge the contribution made by all staff to what has been a successful year for the Company. The achievement of the objectives set for the Company at the beginning of the year is something that all staff can be proud of.



DR R L EVERY
CHAIRMAN OF DIRECTORS



MR N CALAVRIAS
CHIEF EXECUTIVE OFFICER

CHIEF EXECUTIVE OFFICER'S
REVIEW OF OPERATIONS

The Company benefited from improved trading conditions and from actions taken by management to improve core business performance.

For the thirteen months ended 30 June 2000, sales and earnings before tax from the New Zealand operations increased by \$35.8 million and \$13.6 million respectively when compared to the previous year.

The Canadian operation also increased its sales and earnings before tax by C\$16.4 million and C\$3.9 million respectively.

Unusual losses associated with the Engineering business amounted to \$0.57 million after tax compared with \$6.6 million last year.

STEEL DISTRIBUTION AND PROCESSING

Increased demand for steel products and services assisted the Steel Distribution and Processing operation to improve its earnings before tax for the 12 months ended 30 June 2000 by 32% when compared with the corresponding period last year.

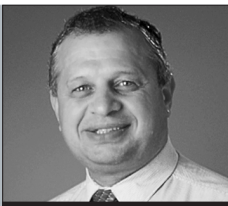
Operational efficiencies and cost reductions were achieved by merging the Stewart Steel, Auckland and Metal Sales operations within the mainstream Steel & Tube operations, and further improvements were obtained in the area of stock and debtors.

Although steel volumes increased by 11% during the year, the full benefit of this increase in volume did not flow through into increased sales and profitability due to the continuing reduction in the replacement cost of steel, competitive forces on margins and an unfavourable product mix.

The market for low margin structural steel increased by 20% during the year. This was assisted by the efforts of the Heavy Engineering Research Association which was able to influence a number of projects to use steel structures that may have otherwise been constructed from concrete.

Further increases in volume and market share were obtained by our Coil Processing operations in Auckland and Christchurch during the latter part of the year as demand from the manufacturing sector increased.

The steel fence post manufacturing unit trading as Waratah Posts, obtained as part of the BHP Steel Building Products New Zealand Limited acquisition last year, increased its volume by 17% due to the strong demand from the farming sector.



NICK GALAVRIAS
CHIEF EXECUTIVE OFFICER

The Metal Fastening operations trading as Fastening Supplies were also able to improve on last year's result.

Throughout the year a focus on reducing the operating costs and the funds employed resulted in savings of \$1.2 million.

REINFORCING AND FABRICATION

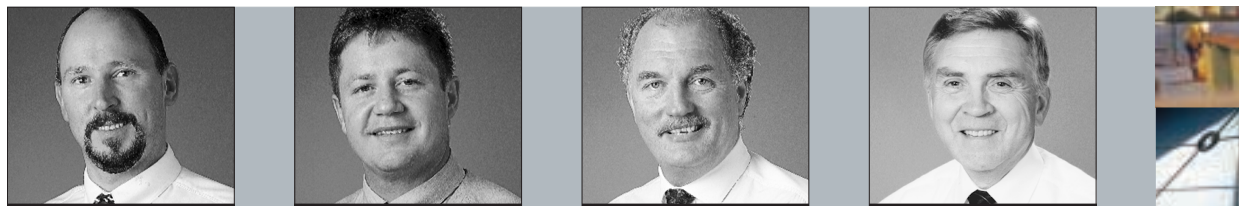
The lack of suitable building projects caused the volume of steel processed by the Reinforcing operations to reduce by 14% when compared with last year.

This reduced volume plus the impact of the lower replacement cost of reinforcing steel, which reduced in price by approximately \$150 per tonne during the year, adversely affected the financial result of the operation.

This business, which had been trading as CP Reinforcing, changed its name to Steel & Tube Reinforcing on 1 June 2000.

ROOFING AND CLADDING

The merging of the BHP Steel Building Products New Zealand Limited roofing and cladding business, which was acquired in June 1999, with Longrun Industries during the year has proved a success.



TERRY CARTER
GENERAL MANAGER
NORTHERN REGION
STEEL DISTRIBUTION

JON GOUSMETT
GENERAL MANAGER
CENTRAL AND SOUTHERN
REGION STEEL
DISTRIBUTION

ROGER O'NEILL
GENERAL MANAGER
REINFORCING FABRICATION
AND ROOFING

DUNCAN THOMAS
PRESIDENT
A J FORSYTH &
COMPANY LIMITED

The combined business now trading as Steel & Tube Roofing Products benefited from the synergies gained and from the strong residential and light commercial sectors, increasing its sales by 11%.

A J FORSYTH & COMPANY LIMITED

A 13% increase in steel volume, brought about by an improvement in economic activity in British Columbia, a recovery of steel prices in North America and a continuing emphasis on obtaining operational efficiencies, assisted the Company to post a substantial increase in earnings.

During the year the Branch operations based in Victoria were closed and consolidated with the Nanaimo operations. The Tool Steel Division was sold in January 2000.

ELECTRONIC COMMERCE

Steel & Tube Holdings Limited is embracing the opportunities available to it through the internet and electronic commerce.

The Company is a committed participant in this area of commerce, to further enhance trading opportunities and to reduce the ongoing cost of doing business.

As an example of this, a new steel distribution business was established in Auckland in May 2000 which trades on the internet.

By maximising the use of electronic commerce, it is able to provide a range of steel products at a substantial discount to that provided by a conventional distributor.

The new operation, which trades under the name Steel Warehouse, is believed to be the world's first steel distribution operation to be set up solely for trading online.

Further information can be obtained by visiting its website www.steelwarehouse.co.nz.

In November 2000 Steel & Tube Holdings Limited will be launching its corporate website (www.steelandtube.co.nz), which will have available information on the Company plus a comprehensive range of product and technical literature on products sold by its various divisions.

HEALTH AND SAFETY

Health and Safety in the workplace continues to be a focus of the Group's business philosophy with Safety Committees, Management and the Board promoting the importance of safety at all times. This focus has seen a continued improvement in the Group's safety record during the period, leading to greater productivity and cost reductions.

OUTLOOK

Once again the year ahead is expected to be challenging.

Trading conditions are expected to be difficult with recent consumer and business confidence surveys at all time lows. Economic activity reduced by 0.7% in the June 2000 quarter, with little recovery expected in the September quarter. The New Zealand Dollar has been hovering around the US\$0.40 mark and although this will assist some segments of the export sector, it is likely to be counter productive for the economy as a whole if there is not some recovery in the exchange rate in the near future.

The manufacturing and agricultural sectors remain strong, while building activity has weakened.

Although trading conditions remain fragile, the Company's results for the first quarter of the new financial year are slightly ahead of last year.

The Company however is in good shape with a strong balance sheet and dedicated management who are focused on core business growth strategies that will create an increase in shareholder value.



MR N CALAVRIAS
CHIEF EXECUTIVE OFFICER

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is elected by the shareholders to provide leadership and strategic insight which will enhance value and enable the Company to grow.

The Board selects the Chief Executive who is charged with accomplishing these objectives and the day to day management of the Company. Annual budgets and policies are set that will enable the achievement of the objectives. The Board monitors management's performance relative to approved budgets, goals and plans.

The Board comprises five non-executive Directors and one executive Director. The Company's Constitution sets out policies for the operation of the Board including the appointment and removal of Directors.

Shareholders from time to time set a total maximum amount payable for annual Directors' fees. These are divided amongst the Directors, as they consider appropriate. The Chief Executive Officer is remunerated as an executive of the Company and is not entitled to additional payment as a Director. Part of his annual remuneration comprises an incentive-related payment dependent on the performance of the Company and attainment of agreed objectives.

During the thirteen month period to 30 June 2000 the Board met formally on 10 occasions. In addition, Directors on the Audit Committee met to consider matters associated with review of the financial statements and internal and external audit.

The Audit Committee is chaired by Mr Bernard Carrasco with Messrs A S Paterson and B M J Dineen assisting. This committee promotes effective risk management, reviews the Company's accounting policies, internal controls, statutory compliance and related matters. The committee makes appropriate recommendations to the Board.

The Board as a whole and individual Directors are subject to an annual performance appraisal using a corporate governance best practice model in conjunction with an external facilitator. This appraisal is designed to measure performance through peer review and self assessment. The Chairman then initiates a review with each Director and a collective review of Board performance. Appropriate strategies for personal and collective improvement are then agreed and actioned.

Each year a schedule of meetings is prepared, normally for nine meetings. This can be varied if there is business to be conducted. General Managers of the Company's divisions are also scheduled to make presentations to Directors on their business operations.

Board policy is to make site visits to enable Directors to become familiar with issues associated with the business. These visits usually involve interaction between Directors, management and customers.

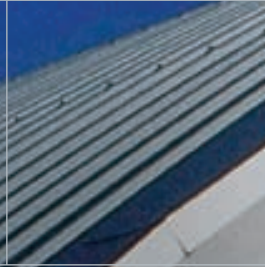


Product supplied by the Steel & Tube Group

THE WAREHOUSE – The curved steel roof structure fabricated by Manukau Welders covering 6,500sm at the new Auckland International Airport premises for The Warehouse



TENNIS PARK – Curved Steltech steel portals fabricated by Dixon & Haddon span 30m across the new indoor stadium at Tennis Park North Harbour



OREWA RIVER BRIDGE – Looking south from the abutment of the Orewa River West Bridge. The bridge was fabricated by W Stevenson & Sons and is due to open in November 2000



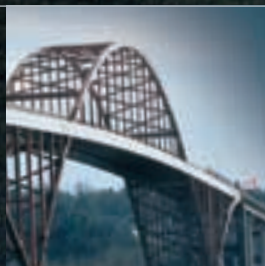
FILM STUDIO – Queenstown, fabricated by John Jones Steel



WESTFIELD – Over 2,000 tonnes of structural steel were supplied to Dixon and Haddon for the new multilevel carpark at the 'Westfield Shoppingtown WestCity' redevelopment



PORT MANN BRIDGE – Vancouver BC
Fabricator George Third and Son





STATUTORY INFORMATION

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.

Details of matters that have been entered in the interests register by individual directors are outlined in the director profiles. Where a director has declared an interest in a particular entity, the declaration serves as notice that the director may benefit from any transactions between the Parent or Group and the identified entities.

REMUNERATION OF DIRECTORS

Total remuneration and benefits received or due and receivable for the 13 months ended 30 June 2000 were:

	\$000
R L Every	51
N Calavrias	514
B L Carrasco	28
B M J Dineen	28
P L Muller	25
A S Paterson	30

USE OF COMPANY INFORMATION

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors, which would not otherwise have been available to them.

REMUNERATION OF EMPLOYEES

Total remuneration and benefits received, or due and receivable for the 13 months ended 30 June 2000 were within the following bands:

REMUNERATION RANGE FOR EMPLOYEES	NO. OF EMPLOYEES IN EACH BAND	
	GROUP	PARENT
	2000	2000
	13 MONTHS	13 MONTHS
\$100,000 – \$109,999	1	1
\$120,000 – \$130,000	1	1
\$130,000 – \$139,999	2	2
\$150,000 – \$159,999	1	1
\$160,000 – \$169,999	2	1
\$170,000 – \$179,999	2	2
\$190,000 – \$199,999	1	–
\$230,000 – \$239,999	1	–
\$320,000 – \$329,999	1	–

SHAREHOLDER STATISTICS

CENSUS OF SHAREHOLDERS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	NO. OF SHARES	%
1 – 499	1,188	233,729	0.27
500 – 999	920	612,213	0.69
1,000 – 4,999	3,116	7,127,584	8.08
5,000 – 9,999	983	6,241,185	7.08
10,000 – 49,999	754	12,392,880	14.05
50,000 – 99,999	33	2,044,159	2.32
Over 100,000	31	59,538,616	67.51
	7,025	88,190,366	100.00

TWENTY LARGEST SHAREHOLDERS

The twenty largest shareholders holding 65.15% of the issued shares are as follows:

Tubemakers of New Zealand Limited	44,107,240	50.01
National Mutual Life Association of Australasia Limited A Account	2,921,980	3.31
National Nominees New Zealand Limited	1,540,474	1.75
ANZ Nominees Limited	1,353,428	1.53
AMP Superannuation Tracker Fund	1,174,000	1.33
Guardian Assurance Limited – Equity Fund	915,900	1.04
The Public Trustee A/c GIF No. 41	804,356	.91
Forbar Custodians Limited	735,550	.83
NMFM Nominees Limited A Account	580,028	.66
Nicholas and Mariana Calavrias	525,000	.59
Royal and Sun Alliance Life and Disability (NZ) Limited	457,600	.52
Citibank Nominees (NZ) Limited	413,194	.47
Athene Nominees Limited	370,000	.42
Royal and Sun Alliance Nominees (NZ) Limited	313,756	.36
The Public Trustee – PTIF No. 61	261,800	.30
TEA Custodians Limited – O/A the NZ Mid Cap Index Fund	229,001	.26
Leszek Andrzej Plenzler	215,000	.24
AMP Investments – Tracker Nominees	192,315	.22
Rotorua Energy Charitable Trust	183,298	.21
Guardian Trust Investment Nominees (RWT) Limited	162,404	.18

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 20 September 2000 are as follows:

	FULLY PAID ORDINARY SHARES HELD	PERCENTAGE HOLDING
Tubemakers of Australia Limited	44,107,240	50.01
SECURITIES ON ISSUE COMPRISE		
Fully paid ordinary shares carrying full voting rights	87,756,366	
Senior Executives' shares partly paid to one cent	434,000	

DIRECTORS' SHAREHOLDING

	As at 30 June 2000			As at 31 May 1999		
	BENEFICIAL	NON BENEFICIAL	ASSOCIATED PERSON	BENEFICIAL	NON BENEFICIAL	ASSOCIATED PERSON
N Calavrias	340,000 ^[1]	25,500 ^[2]	450,000	340,000 ^[1]	25,500 ^[2]	450,000
B L Carrasco	-	-	44,107,240 ^[3]	-	-	44,107,240 ^[3]
B M J Dineen	40,000	-	-	40,000	-	-
R L Every	6,000	-	44,107,240 ^[3]	6,000	-	44,107,240 ^[3]
P L Muller	4,000	-	44,107,240 ^[3]	4,000	-	44,107,240 ^[3]
A S Paterson	15,000	25,500 ^[2]	14,000	15,000	25,500 ^[2]	14,000

^[1] Includes shares partly paid up to one cent held under the Senior Executives' Share Scheme 1993.

^[2] Shares held in a non beneficial capacity as Trustees of the Employee Share Purchase Scheme.

^[3] Messrs Carrasco, Every and Muller are associated persons of Tubemakers of Australia Limited by virtue of their positions as Directors or employees of certain of its related companies or as appointees of these companies as Directors of the Company.

SHARE DEALINGS BY DIRECTORS

There were no share dealings in the Company by Directors during the period.

Subsequent to the announcement of the results for the thirteen month period, Mr N Calavrias acquired 75,000 shares on 1 September 2000 for a consideration of \$112,500. Mr B L Carrasco acquired 10,000 shares on 14 September 2000 for a consideration of \$14,600.

Messrs Every, Carrasco, Muller and Dineen have disclosed that they hold shares and/or options in The Broken Hill Proprietary Company Limited.

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FINANCIAL STATEMENTS

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Statement of Financial Performance

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 13 MONTHS ENDED 30 JUNE 2000

	NOTES	GROUP		PARENT	
		2000	1999	2000	1999
		13 MONTHS \$000	12 MONTHS \$000	13 MONTHS \$000	12 MONTHS \$000
Sales					
Continued activities		403,094	305,425	286,780	218,472
Discontinued activities		-	32,476	-	32,476
		403,094	337,901	286,780	250,948
Profit/(loss) before taxation					
Continued activities		27,814	16,973	20,679	15,453
Discontinued activities		(850)	(9,246)	(850)	(9,246)
	3	26,964	7,727	19,829	6,207
Tax expense	4	10,835	4,019	7,113	2,825
Profit after taxation		16,129	3,708	12,716	3,382
Minority interest in profit of subsidiary		(1,864)	(344)	-	-
Profit attributable to the shareholders of the parent company		\$14,265	\$3,364	\$12,716	\$3,382

Statement of Movements in Equity

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 13 MONTHS ENDED 30 JUNE 2000

	NOTES	GROUP		PARENT	
		2000	1999	2000	1999
		13 MONTHS \$000	12 MONTHS \$000	13 MONTHS \$000	12 MONTHS \$000
Equity at the beginning of the period		125,820	129,617	114,456	118,329
Net profit for the period		14,265	3,364	12,716	3,382
Net movement in revaluation of assets reserve	9	-	-	3,658	(265)
Net movement in foreign currency translation reserve	9	2,109	(247)	-	-
Total recognised revenue and expenses for the period		16,374	3,117	16,374	3,117
Increase in minority interest		3,702	76	-	-
Increase in paid-up capital		-	29	-	29
Dividends	6	(5,265)	(7,019)	(5,265)	(7,019)
Supplementary dividends		(891)	(997)	(891)	(997)
Foreign investor tax credit		891	997	891	997
Equity at the end of the period		\$140,631	\$125,820	\$125,565	\$114,456

Statement of Financial Position

OF STEEL & TUBE HOLDINGS LIMITED AND SUBSIDIARIES
AS AT 30 JUNE 2000

	NOTES	GROUP		PARENT	
		2000 \$000	1999 \$000	2000 \$000	1999 \$000
Equity					
Paid up capital	8	69,341	69,341	69,341	69,341
Reserves	9	3,442	1,333	7,250	3,592
Retained earnings		52,782	43,782	48,974	41,523
Shareholders' funds		125,565	114,456	125,565	114,456
Minority interest		15,066	11,364	-	-
		140,631	125,820	125,565	114,456
Non Current Liabilities					
	10	5,000	27,657	5,000	15,000
Current Liabilities					
Short term borrowings	11	44,776	17,322	24,000	11,526
Accounts payable	12	32,473	24,821	19,930	17,693
Tax payable		348	-	488	-
Proposed dividend	6	-	3,510	-	3,510
		77,597	45,653	44,418	32,729
		\$223,228	\$199,130	\$174,983	\$162,185
Non Current Assets					
Fixed assets	13	65,635	63,612	40,606	40,288
Investments	14	-	300	17,947	14,289
Goodwill		9,768	4,211	7,496	1,828
Future income tax benefit	5	1,318	1,100	2,984	2,264
Long term receivables	15	601	995	1,035	1,738
		77,322	70,218	70,068	60,407
Current Assets					
Cash on hand		1,192	-	3,074	-
Accounts receivable and prepayments	16	70,664	66,753	50,870	53,729
Inventories	17	74,050	60,840	50,971	46,895
Tax refund due		-	1,319	-	1,154
		145,906	128,912	104,915	101,778
		\$223,228	\$199,130	\$174,983	\$162,185

ON BEHALF OF THE BOARD
DATED 31 AUGUST 2000


DR R L EVERY, CHAIRMAN



MR N CALAVRIAS, CHIEF EXECUTIVE OFFICER

Statement of Cash Flows

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 13 MONTHS ENDED 30 JUNE 2000

	NOTES	GROUP		PARENT	
		2000	1999	2000	1999
		13 MONTHS \$000	12 MONTHS \$000	13 MONTHS \$000	12 MONTHS \$000
Cash Flows From Operating Activities					
Cash was provided from/(applied to):					
Receipts from customers		396,646	341,393	286,524	253,080
Interest received		193	84	180	47
Payments to suppliers and employees		(350,245)	(298,577)	(241,068)	(225,918)
Income taxes paid		(9,041)	(4,917)	(5,094)	(3,030)
Interest paid		(3,943)	(3,581)	(2,720)	(2,196)
Net cash flow from operating activities		33,610	34,402	37,822	21,983
Cash Flows From Investing Activities					
Cash was provided from/(applied to):					
Repayment of trade advance		-	2,500	-	-
Sale of fixed assets		2,379	2,866	1,978	2,522
Sale of investment		300	-	-	-
Sale of Engineering division's assets		-	1,649	-	1,649
Payment of deposit for purchase of Roofing division	24	-	(2,715)	-	(2,715)
Purchase of Roofing division	24	(25,089)	-	(25,089)	-
Purchase of investment		-	(300)	-	-
Purchase of fixed assets		(6,030)	(6,518)	(5,336)	(4,924)
Net cash flow to investing activities		(28,440)	(2,518)	(28,447)	(3,468)
Cash Flows From Financing Activities					
Cash was provided from/(applied to):					
Repayment of subsidiary advance		-	-	-	2,222
Net proceeds from total borrowings		5,791	-	4,000	-
Proceeds from call on shares		-	29	-	29
Net settlement from total borrowings		-	(18,750)	-	(10,000)
Dividends paid		(8,775)	(9,650)	(8,775)	(9,650)
Net cash flow to financing activities		(2,984)	(28,371)	(4,775)	(17,399)
Net cash flow		2,186	3,513	4,600	1,116
Opening cash brought forward		(994)	(4,507)	(1,526)	(2,642)
Closing cash carried forward		1,192	(994)	3,074	(1,526)
Cash is comprised of:					
Cash in Bank		1,192	(994)	3,074	(1,526)
		1,192	(994)	3,074	(1,526)

Statement of Cash Flows (continued)

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 13 MONTHS ENDED 30 JUNE 2000

NOTES	GROUP		PARENT	
	2000	1999	2000	1999
	13 MONTHS \$000	12 MONTHS \$000	13 MONTHS \$000	12 MONTHS \$000
Reconciliation of Profit After Taxation To Cash Flow From Operating Activities				
Profit after taxation	16,129	3,708	12,716	3,382
Add/(less) items classified as Investing or Financing activities:				
Net loss/(gain) on sale of fixed assets	144	(40)	144	(40)
	144	(40)	144	(40)
Add non cash items:				
Depreciation	7,637	6,807	5,831	5,270
Bad debts written off	1,651	928	1,499	861
Amortisation of goodwill	1,969	3,079	1,534	2,707
Increase in future income tax benefit	(218)	(642)	(720)	(723)
	11,039	10,172	8,144	8,115
Movements in working capital items:				
Increase/ (decrease) in income tax payable	1,667	(1,343)	1,642	(516)
(Increase)/decrease in accounts receivable and prepayments	(5,168)	2,149	1,754	(1,601)
Increase in accounts payable and provisions	7,652	2,913	2,237	2,030
(Increase)/ decrease in inventories	(13,210)	17,244	(4,076)	8,573
Movements in working capital classified as investing or financing activities	15,357	(401)	15,261	2,040
	6,298	20,562	16,818	10,526
Net cash flow from operating activities	\$33,610	\$34,402	\$37,822	\$21,983

Notes to the Financial Statements

1 : STATEMENT OF ACCOUNTING POLICIES

Entities reporting

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.

Statutory base

Steel & Tube Holdings Limited is a company registered under the Companies Act 1993.

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Measurement base

The financial statements have been prepared on the historical cost method, modified by the revaluation of certain assets.

Accounting Policies

The financial statements are prepared in accordance with New Zealand generally accepted accounting practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below:

(a) Basis of Consolidation

The consolidated financial statements are prepared from the financial statements of the parent company and its subsidiaries as at 30 June 2000 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.

(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 its useful life which is estimated to be 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 land and buildings purchased have been carried at cost.

(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 life as follows:

Buildings	Average 50 years
Motor vehicles	4 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.

Notes to the Financial Statements (continued)

(g) Inventories

Stock is valued at the lower of cost and net realisable value. Cost is established principally on the average cost method which approximates actual cost determined on a 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. The impact of all timing differences between accounting and taxable income is recognised as a deferred tax liability or asset. 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 only where there is virtual certainty that the tax benefits or losses are able to be utilised by the Group.

(j) Lease Commitments

Operating lease payments 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.

Revenue and expenses of independent foreign operations are translated monthly to New Zealand dollars at the exchange rate in effect at the end of each month. Assets and liabilities are converted to New Zealand dollars at the rates of exchange ruling at balance date.

Exchange differences arising from the translation of independent foreign operations are recognised in the 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.

Recognised

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, trade creditors and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Unrecognised

Forward exchange contracts entered into as hedges of foreign exchange assets and liabilities are valued at exchange rates prevailing at year end. Any unrealised gains or losses are offset against foreign exchange gains and losses on the related asset or liability.

(m) Goods and Services Tax (GST)

The statement of financial performance and statement of cash flows have been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Notes to the Financial Statements (continued)

(n) 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.

Changes in accounting policies

The Group has adopted ED 86 Provisions, Contingent Liabilities and Contingent Assets. This change in policy has resulted in \$6.1m of dividends declared subsequent to balance date not being recognised as a liability as at 30 June 2000.

There have been no other changes in accounting policies.

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.

	GROUP		PARENT	
	2000	1999	2000	1999
	13 MONTHS \$000	12 MONTHS \$000	13 MONTHS \$000	12 MONTHS \$000
3 : PROFIT BEFORE TAXATION				
Continued activities				
Profit before taxation is stated:				
<i>After charging/(crediting):</i>				
Amortisation of goodwill	1,969	1,850	1,534	1,478
Auditors' remuneration – audit services	273	255	236	225
– other services	218	323	211	317
Bad debts written off	1,651	928	1,499	861
(Decrease)/increase in estimated doubtful debts	(121)	209	(212)	128
Depreciation	7,637	6,807	5,831	5,270
Directors' fees	162	149	162	149
Donations	4	11	4	9
Interest paid	3,943	3,581	2,720	2,196
Interest income	(193)	(84)	(180)	(47)
Net loss/(gain) on disposal of assets	144	(40)	144	(40)
Rent and leasing costs	5,350	5,082	4,320	4,085
Discontinued activities				
Goodwill written off on sale of Engineering division	–	1,229	–	1,229

Notes to the Financial Statements (continued)

	GROUP		PARENT	
	2000	1999	2000	1999
	13 MONTHS \$000	12 MONTHS \$000	13 MONTHS \$000	12 MONTHS \$000
4 : TAX EXPENSE				
Profit before taxation	\$26,964	\$7,727	\$19,829	\$6,207
Tax at 33% (1999: 33%)	8,898	2,550	6,544	2,048
Add/(less) tax effect of:				
Non-deductible expenditure	758	1,273	530	902
Under/(over) provision in prior years	362	(129)	39	(125)
Adjustment for tax at other rates	817	325	-	-
	\$10,835	\$4,019	\$7,113	\$2,825
The tax expense is represented by:				
Tax payable in respect of the current period	10,570	4,661	7,350	3,548
Transferred from/(to) future income tax benefit	265	(642)	(237)	(723)
	\$10,835	\$4,019	\$7,113	\$2,825
5 : FUTURE INCOME TAX BENEFIT				
Future income tax benefit at the beginning of the period	1,100	458	2,264	1,541
Balance from company acquired	483	-	483	-
Transferred (to)/from tax expense	(265)	642	237	723
Future income tax benefit at the end of the period	\$1,318	\$1,100	\$2,984	\$2,264
			GROUP AND PARENT	
			2000	1999
			\$000	\$000
6 : DIVIDENDS PAID AND DECLARED				
Interim dividend paid of 6 cents per share (1999: 4 cents per share)			5,265	3,509
(1999: final dividend of 4 cents per share)			-	3,510
			\$5,265	\$7,019
7 : IMPUTATION CREDIT ACCOUNT				
Balance at the beginning of the period			652	543
Add/(less):				
Income tax paid			5,094	3,030
Transferred from subsidiaries			-	830
Imputation credits attached to dividends received			-	5
Imputation credits attached to dividends paid to shareholders			(3,431)	(3,756)
Balance at the end of the period			\$2,315	\$652

Notes to the Financial Statements (continued)

GROUP AND PARENT

2000	1999
\$000	\$000

8 : PAID UP CAPITAL

Issued and paid up capital at the beginning of the period	69,341	69,312
Call on senior executives' share scheme	-	29
Issued and paid up capital at the end of the period	\$69,341	\$69,341
Ordinary shares on issue at end of the period	88,190,366	88,190,366

All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

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	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
9 : RESERVES				
Assets revaluation reserve				
Balance at the beginning of the period	-	-	3,592	3,857
Revaluation during the year	-	-	3,658	(265)
Balance at the end of the period	-	-	7,250	3,592
Foreign currency translation reserve				
Balance at the beginning of the period	1,333	1,580	-	-
Movements during the year	2,109	(247)	-	-
Balance at the end of the period	3,442	1,333	-	-
Total reserves at the end of the period	\$3,442	\$1,333	\$7,250	\$3,592
10 : NON CURRENT LIABILITIES				
Bank term loans	34,529	37,657	20,000	25,000
Less bank term loans repayable within one year (Note 11)	(29,529)	(10,000)	(15,000)	(10,000)
	\$5,000	\$27,657	\$5,000	\$15,000

The bank term loans have an average interest rate of 6 % (1999: 6%) per annum and are due for repayment within 2 years.

Notes to the Financial Statements (continued)

	GROUP		PARENT	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
11 : SHORT TERM BORROWINGS				
Bank overdraft	-	994	-	1,526
Bank loans	15,247	6,328	9,000	-
Bank term loans repayable within one year (Note 10)	29,529	10,000	15,000	10,000
	\$44,776	\$17,322	\$24,000	\$11,526
Interest rates on bank loans ranged from 4% to 8% during the period (1999: 4% 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. At year end the value of A J Forsyth & Company Limited loans from Bank of America was \$20.8 million (1999: \$18.9 million).				
12 : ACCOUNTS PAYABLE				
Trade creditors	23,279	19,238	12,640	13,249
Provisions and accruals	7,030	3,790	5,932	3,370
Employee entitlements	2,164	1,793	1,358	1,074
	\$32,473	\$24,821	\$19,930	\$17,693
13 : FIXED ASSETS				
Freehold land				
At cost	3,245	3,136	3,164	3,055
At Directors' valuation	1,893	1,855	1,602	1,602
	5,138	4,991	4,766	4,657
Leasehold land				
At cost	1,119	991	29	29
At Directors' valuation	4,465	3,961	81	81
	5,584	4,952	110	110
Buildings				
At cost	27,943	26,176	16,289	15,547
Less accumulated depreciation	(7,091)	(5,844)	(1,734)	(1,030)
	20,852	20,332	14,555	14,517
At Directors' valuation	6,201	5,738	2,605	2,605
Less accumulated depreciation	(759)	(649)	(424)	(424)
	5,442	5,089	2,181	2,181
Plant and equipment				
At cost	63,399	56,532	44,542	39,643
Less accumulated depreciation	(34,780)	(28,284)	(25,548)	(20,820)
	28,619	28,248	18,994	18,823
	\$65,635	\$63,612	\$40,606	\$40,288

Directors' valuation for the New Zealand properties was at 31 March 1991. Directors estimate that the fair values of the Group's properties are at least equal to their net book values at 30 June 2000.

Notes to the Financial Statements (continued)

	GROUP		PARENT	
	2000 \$000	1999 \$000	2000 \$000	1999 \$000
14 : INVESTMENTS				
Shares in subsidiaries	-	-	17,947	14,289
Other investments	-	300	-	-
	\$0	\$300	\$17,947	\$14,289

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
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 30 June.

15 : LONG TERM RECEIVABLES

Advance to subsidiaries	-	-	434	743
Other	601	995	601	995
	\$601	\$995	\$1,035	\$1,738

Advance to subsidiaries are interest free and repayable on demand.

16 : ACCOUNTS RECEIVABLE AND PREPAYMENTS

Trade debtors	68,738	62,290	49,655	49,399
Prepayments and other receivables	1,926	4,463	1,215	4,330
	\$70,664	\$66,753	\$50,870	\$53,729

INVENTORIES

17 : Work in progress	-	1,224	-	1,224
Inventories	74,050	59,616	50,971	45,671
	\$74,050	\$60,840	\$50,971	\$46,895

Certain inventories are subject to restriction of title, including Romalpa Clause.

Notes to the Financial Statements (continued)

18 : COMMITMENTS**(a) Operating lease commitments**

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. There are no options to purchase in respect of these operating leases.

The aggregate lease commitments are as follows:

(i) Within 1 year	3,922	3,529	3,860	3,467
(ii) Within 1-2 years	3,707	3,049	3,645	2,987
(iii) Within 2-5 years	9,286	8,719	9,101	8,534
(iv) Beyond 5 years	5,639	9,339	5,367	9,000
	\$22,554	\$24,636	\$21,973	\$23,988

(b) Capital commitments

The Group has capital commitments of \$0.7 million (1999: \$0.9 million).

19 : RELATED PARTY TRANSACTIONS

Steel & Tube Holdings Limited is a 50.01% (1999: 50.01%) 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 35.1% (1999: 27.4%) of its purchases from BHP Group. At 30 June 2000 the Group owed BHP Group \$3.8 million (1999: \$5.5 million) paid in July 2000. All transactions with BHP Group are conducted on an arm's length basis and normal commercial terms.

20 : CONTINGENT LIABILITIES

Guarantees under contracts and other contingent liabilities of the Parent and Group total \$2.4 million (1999: \$1.0 million). These have been entered into in the ordinary course of business.

21 : 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.

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 employee.

The Trustees of the Scheme are Mr N Calavrias , Mr A S Paterson and Mr A C 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.

The Scheme's share purchase was funded by an interest free loan from Steel & Tube Holdings Limited.

At 30 June 2000 the Trustees held 25,500 shares (1999: 25,500).

Notes to the Financial Statements (continued)

22 : SEGMENT INFORMATION

(i) Geographical segments

	NEW ZEALAND PROCESSING, FABRICATION AND DISTRIBUTION OF STEEL PRODUCTS		NEW ZEALAND ENGINEERING (DISCONTINUED ACTIVITIES)		CANADIAN PROCESSING, FABRICATION AND DISTRIBUTION OF STEEL PRODUCTS		GROUP	
	2000	1999	2000	1999	2000	1999	2000	1999
	13 MONTHS	12 MONTHS	13 MONTHS	12 MONTHS	13 MONTHS	12 MONTHS	13 MONTHS	12 MONTHS
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total sales	\$286,780	\$218,472	-	\$32,476	\$116,314	\$86,953	\$403,094	\$337,901
Segment result	\$23,219	\$17,000	(\$850)	(\$8,652)	\$8,345	\$2,876	\$30,714	\$11,224
Net interest expense							(3,750)	(3,497)
Taxation							(10,835)	(4,019)
Total unallocated expenses							(14,585)	(7,516)
Profit after taxation							16,129	3,708
Minority interest							(1,864)	(344)
Profit for the year attributable to Shareholders							\$14,265	\$3,364
Segment Assets	\$153,262	\$140,614	\$1,894	\$7,440	\$68,072	\$51,076	\$223,228	\$199,130

(ii) Canadian segment in Canadian dollars

	CANADIAN PROCESSING, FABRICATION AND DISTRIBUTION OF STEEL PRODUCTS	
	2000	1999
	13 MONTHS	12 MONTHS
	\$CAD000	\$CAD000
Total sales	\$84,960	\$68,610
Segment result	\$6,019	\$2,232
Segment Assets	\$46,854	\$40,355

Notes to the Financial Statements (continued)

23 : FINANCIAL INSTRUMENTS

(a) Currency and interest rate risk

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 by using forward and spot foreign exchange contracts.

The net notional amount of forward foreign exchange contracts of the Parent and Group outstanding at 30 June 2000 is \$0.4 million (1999: \$6.9 million).

(ii) Interest Rate Risk

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

Repricing analysis

The following tables identify the periods in which the interest rates on these borrowings are subject to review, and provides the current weighted average interest rates.

	GROUP 2000				TOTAL \$000
	EFFECTIVE INTEREST RATES	CURRENT \$000	1-2 YEARS \$000	2-5 YEARS \$000	
Bank loans	6.30%	(44,776)	-	-	(44,776)
Bank term loans	6.40%	-	(5,000)	-	(5,000)
		(44,776)	(5,000)	-	(49,776)

	GROUP 1999				TOTAL \$000
	EFFECTIVE INTEREST RATES	CURRENT \$000	1-2 YEARS \$000	2-5 YEARS \$000	
Bank overdrafts		(994)	-	-	(994)
Bank loans	7.20%	(16,328)	-	-	(16,328)
Bank term loans	5.80%	-	(22,657)	(5,000)	(27,657)
		(17,322)	(22,657)	(5,000)	(44,979)

(iii) 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 due to the quality of the institutions dealt with.

Notes to the Financial Statements (continued)

(b) Fair Values

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

	2000		1999	
	CARRYING VALUE \$000	FAIR VALUE \$000	CARRYING VALUE \$000	FAIR VALUE \$000
Parent Company				
Bank term loans	(5,000)	(5,214)	(15,000)	(14,993)
Foreign exchange contracts	-	(425)	-	(6,528)
Group				
Bank term loans	(5,000)	(5,214)	(27,657)	(27,670)
Foreign exchange contracts	-	(425)	-	(6,528)

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.

24 : SUMMARY OF THE EFFECTS OF ACQUISITION OF ROOFING DIVISION

On 17 June 1999, Steel & Tube Holdings Limited acquired 100% of the assets of BHP Steel Building Products New Zealand Limited for a cash consideration of \$27.8 million.

	GROUP 2000 \$000
Deposit (paid last year)	2,715
Final settlement	25,089
Total cash paid for acquisition	27,804
Net assets acquired:	
Fixed assets	2,937
Net current assets	17,667
	20,604
Goodwill on acquisition	7,200
	27,804

25 : SUBSEQUENT EVENT

On 4 August 2000 the Board of Directors declared a dividend of 7 cents per share.

Auditors' Report

TO THE SHAREHOLDERS OF STEEL & TUBE HOLDINGS LIMITED



We have audited the financial statements on pages 14 to 28. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the thirteen month period ended 30 June 2000 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 18 to 20.

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 2000 and their financial performance and cash flows for the thirteen month period ended on that date.

Auditors' responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies used and described on pages 18 to 20 are appropriate to the circumstances of the Company and Group, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm carries out other assignments on behalf of the Company and its subsidiaries in the area of taxation and other assurance services. Other than in these capacities and in our capacity as auditors, we have no relationship 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:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 14 to 28:
 - (i) comply with generally accepted accounting practice; and
 - (ii) give a true and fair view of the financial position of the Company and Group as at 30 June 2000 and their financial performance and cash flows for the thirteen month period ended on that date.

Our audit was completed on 31 August 2000 and our unqualified opinion is expressed as at that date.

A stylized, handwritten-style signature of 'PricewaterhouseCoopers' in a dark ink.

CHARTERED ACCOUNTANTS
WELLINGTON

Comparative Review

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES

	2000 13 MONTHS \$000	1999 12 MONTHS \$000	1998 12 MONTHS \$000	1997 11 MONTHS \$000	1996 12 MONTHS \$000
Financial Performance					
Sales	403,094	337,901	395,215	386,976	355,120
Profit before tax	26,964	7,727	21,923	32,114	38,711
Tax	10,835	4,019	8,580	11,831	13,564
Profit after tax	16,129	3,708	13,343	20,283	25,147
Minority interests	(1,864)	(344)	(1,406)	(695)	185
Total Group profit after tax	14,265	3,364	11,937	19,588	25,332
Dividends	(5,265)	(7,019)	(12,279)	(17,464)	(17,430)
Increase/(decrease) in retained earnings	9,000	(3,655)	(342)	2,124	7,902

Financial Position

Paid up capital	69,341	69,341	69,312	69,084	68,565
Current assets	145,906	128,912	148,123	164,495	150,766
Current liabilities	77,597	45,653	85,315	85,034	81,167
Net current assets	68,309	83,259	62,808	79,461	69,599
Total assets	223,228	199,130	224,932	239,779	220,916
Total liabilities	82,597	73,310	95,315	115,566	99,667
Minority interest	15,066	11,364	11,288	8,185	7,572
Shareholders' funds	125,565	114,456	118,329	116,028	113,677

Statistics

	NOTE				
Dividends in cents per share	(1) & (3)	13.0	8.0	14.0	20.0
Times dividend covered		1.3	0.5	0.9	1.1
Earnings in cents per share	(1) & (2)	15.0	3.8	13.6	24.5
Percentage return on:					
Sales		3.5	1.0	3.0	5.1
Shareholders' funds at period end	(2)	10.5	2.9	10.1	18.4
Current assets to current liabilities		1.9:1	2.8:1	1.7:1	1.9:1
Net assets in cents per share		143	130	135	133
Shareholders' funds to total assets (%)		56	57	53	48
Number of ordinary shareholders		6,860	6,855	5,898	5,148
Number of employees at period end		736	648	1,042	1,255

Note:

- 1997 and prior years' figures have been adjusted to reflect the effects of the 1 for 1 bonus issue
- The earnings in cents per share, and percentage return on shareholders' funds have been annualised for the periods ended 30 June 2000 and 31 May 1997.
- Includes the 7 cents per share dividend as disclosed in note 25 to the financial statements.

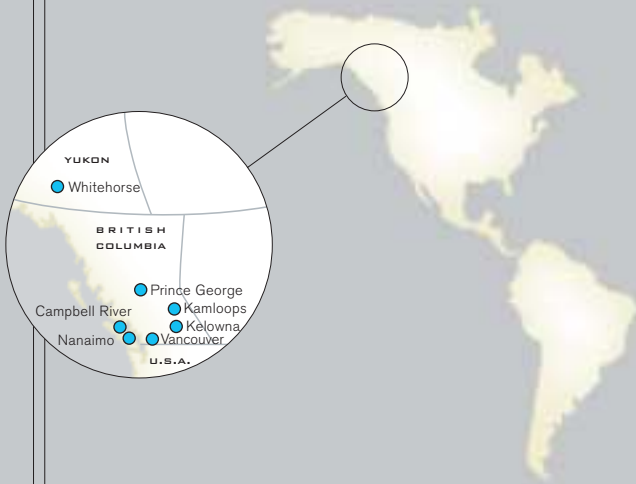




BUSINESS LOCATIONS

- CORPORATE OFFICE
- ROOFING PRODUCTS
- REINFORCING & FABRICATION
- STEEL DISTRIBUTION & PROCESSING
- FASTENING

CANADA



NEW ZEALAND



STEEL & TUBE HOLDINGS LIMITED

15-17 Kings Crescent, Lower Hutt
 Private Box 30-543, Lower Hutt
 Chief Executive Officer Mr N Calavrias
 Company Secretary Mr A C Candy

STEEL DISTRIBUTION & PROCESSING

15-17 Kings Crescent, Lower Hutt
 Private Box 30-543, Lower Hutt
 Chief Executive Officer Mr N Calavrias

REINFORCING, FABRICATION & ROOFING

15-17 Kings Crescent, Lower Hutt
 Private Box 38-337, Wellington Mail Centre
 General Manager Mr R J O'Neill

A J FORSYTH & COMPANY LIMITED

830 Carlisle Road, New Westminster
 Vancouver, Canada
 President Mr D Thomas

AUDITORS

PricewaterhouseCoopers

SHARE REGISTRY

Computershare Registry Services Limited

PRINCIPAL BANKERS

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



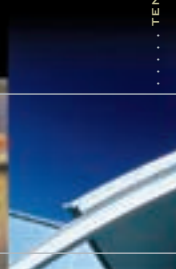
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MEGACENTRE STAGE 1 PORIRUA



Steel & Tube Holdings Limited

15-17 Kings Crescent : Private Box 30-543 : Lower Hutt : Wellington : New Zealand