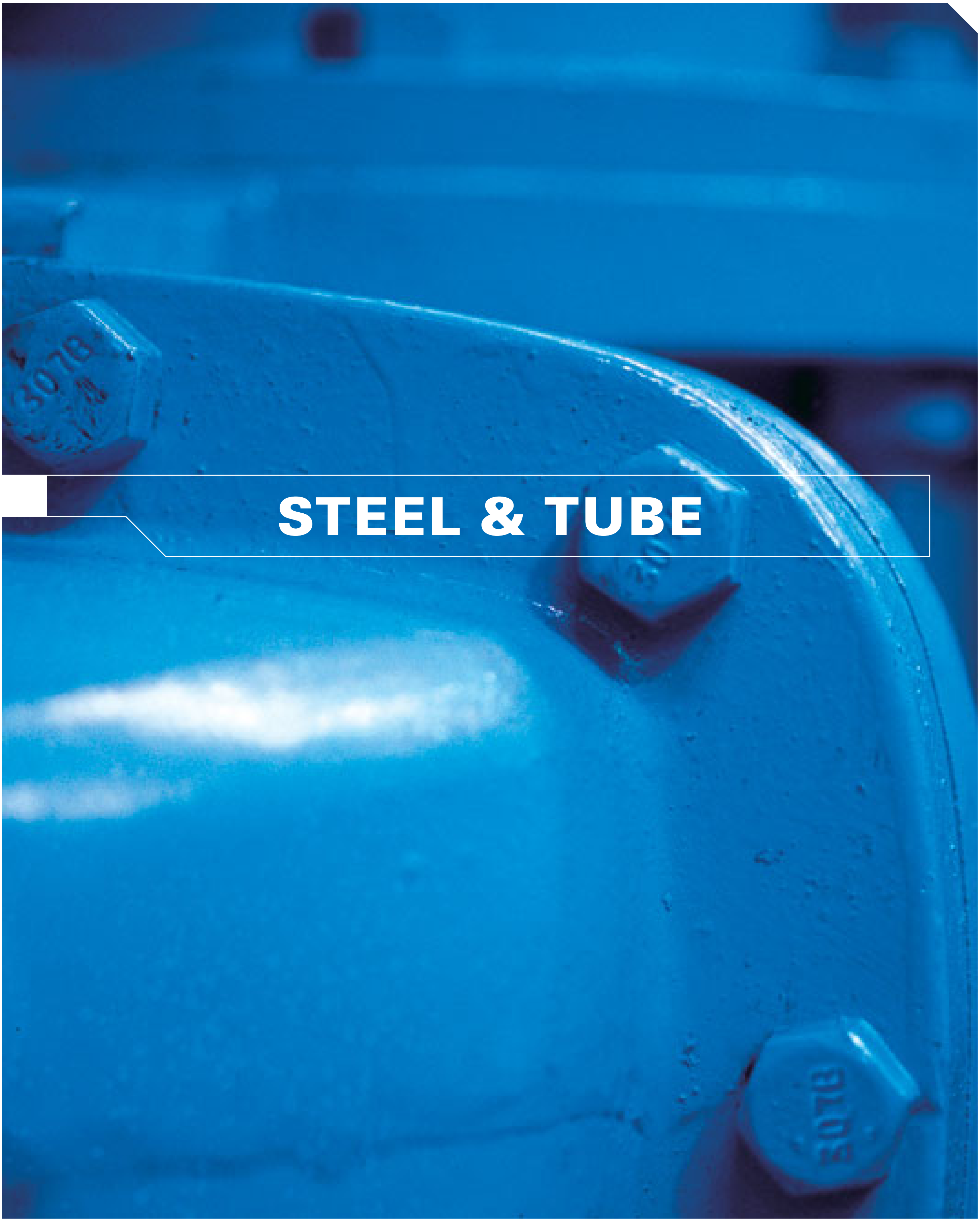
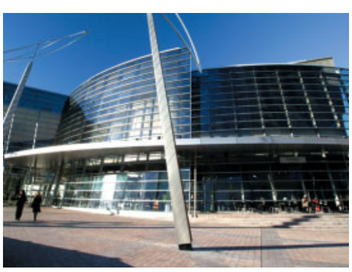
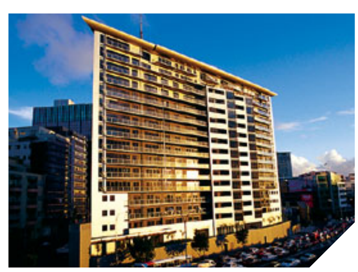


STEEL & TUBE

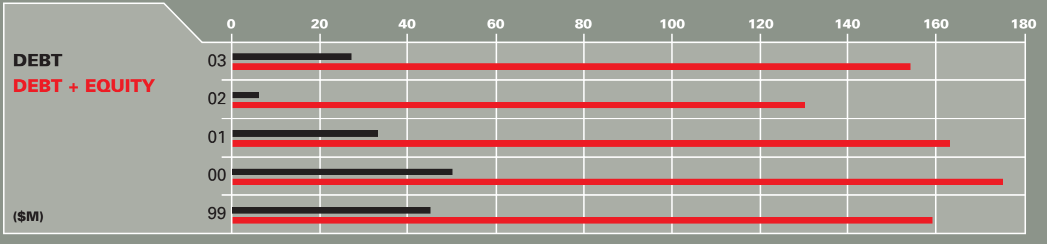
ANNUAL REPORT 2003

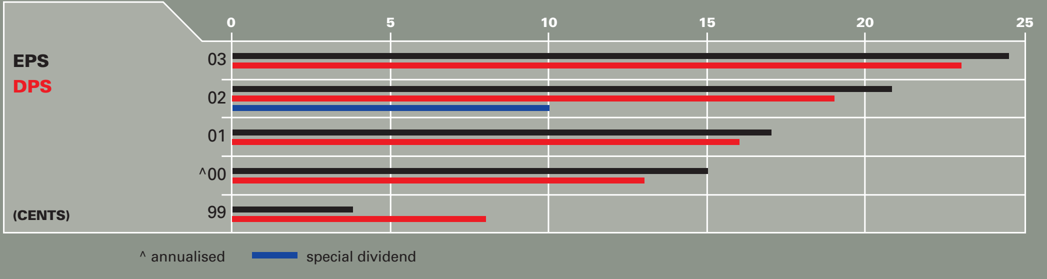


HIGHLIGHTS

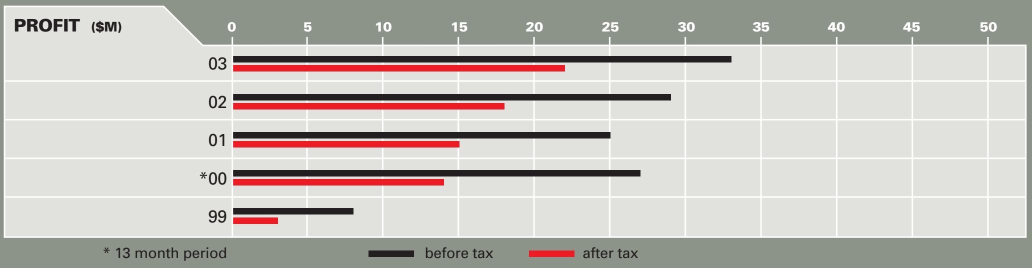
- NET PROFIT AFTER TAX INCREASED BY 18% TO $21.5 MILLION.
- EARNINGS PER SHARE INCREASED BY 18% TO 24.5 CENTS.
- DIVIDEND PER SHARE INCREASED BY 21% TO 23 CENTS, EXCLUDING SPECIAL DIVIDEND FROM LAST YEAR.
- ACQUISITION OF HURRICANE WIRE PRODUCTS.
- WELLINGTON REGION GOLD AWARD FOR WORKPLACE SAFETY.



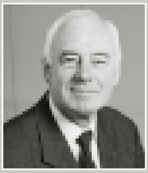


CONTENTS

* 13 month period



* 13 month period

BOARD OF DIRECTORS

Bob Every Chairman, **Nick Calavrias** Chief Executive Officer, **Barry Dineen** Director, **Robin Freeman** Director, **Ian Lindsay** Director, **Tony Reeves** Director, **Tony Candy** Company Secretary

Bob 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 and 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, and is a member of the Business Council of Australia, a Director of CARE Australia, and Chairman of the CARE Australia Corporate Council. He is also a Director of the International Iron and Steel Institute.

Nick Calavrias 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 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.

Barry Dineen Appointed a Director in 1994, Mr Dineen was formerly Chairman and Managing Director of the Shell Companies in New Zealand. He is currently a Director of the National Bank of New Zealand Limited, Todd Corporation Limited, Rangatira Limited, Tecpak Industries Limited and Heller Tasty Limited. He is Past President of the Institute of Directors in New Zealand, and Chairman of the New Zealand Business & Parliament Trust.

Robin Freeman Appointed a Director on 17 August 2001, Mr Freeman is Executive General Manager Distribution, OneSteel Limited. He joined OneSteel in April 2001 after spending two years as Chief Financial Officer of Email Limited. Prior to that Mr Freeman was General Manager – Commercial with CSR Limited.

Ian Lindsay Appointed a Director on 15 February 2001, Mr Lindsay was formerly Director of Finance Asia Pacific for the BOC Group plc. Prior to this he had been Chairman and Managing Director of BOC Gases New Zealand Limited. He is currently a Director of Liquigas Limited.

Tony Reeves Appointed a Director in November 2001, Mr Reeves is Chief Financial Officer of OneSteel Limited. He was formerly Chief Financial Officer of Orica's worldwide explosives business, and prior to that Director Finance and Information Technology for ICI's international polyester business.

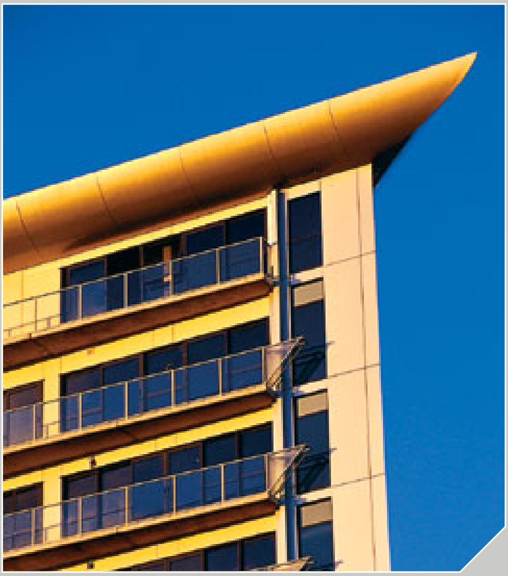
Tony Candy Appointed Company Secretary in February 1992, Mr Candy joined the Company as Financial Controller of the Merchandising Division in 1988 and is a Director of all subsidiary companies of Steel & Tube Holdings Limited.

→ **Steel & Tube Distribution supplied 4,800 metres of purlins and girts to the fabricator, Grayson Engineering Ltd, for the recently completed Ullrich Aluminium Co Ltd office, warehouse and manufacturing plant at Wiri. 5,500 square metres of aluminium cladding was rolled by Steel & Tube Roofing and installed by Project Roofing Ltd.**

ULLRICH ALUMINIUM

The recently completed President Plaza at No. 1 Hobson St. The 20 storey steel framed building was constructed by Downers for The Kitchener Group. Steel & Tube supplied 400 tonnes of structural steel to the fabricator, Dixon & Haddon, and all pipe and fittings to Singer Fire Systems Ltd for the fire sprinkler system.

PRESIDENT PLAZA



The Directors present the Annual Report together with the financial statements of the Company and its subsidiaries for the year ended 30 June 2003.

DIRECTORS' REPORT

Results The financial result for the year was an after tax profit of $21.52 million. This compares favourably with the $18.28 million recorded in the previous year.

Dividends The Directors have declared a dividend of 12 cents per share which will be paid on 12 September 2003 to holders of fully paid ordinary shares registered at 5 September 2003. The amount payable is $10.5 million. This dividend carries full imputation credits and makes a total distribution for the year of 23 cents per share. This compares favourably to the previous year's total distribution of 29 cents per share inclusive of a special dividend of 10 cents per share.

Financial position Shareholders' equity improved to $126.6 million from $123.5 million in the previous year. During the year borrowings increased by $20.6 million to $27.2 million. The gearing ratio (debt:debt plus shareholders' equity) is 0.18:1. The Company continues to be in a sound position.

Acquisition In April 2003, Hurricane Wire Products, New Zealand's largest manufacturer and distributor of wire products, was acquired for approximately $25 million. Hurricane has manufacturing operations in Auckland and Christchurch and has 165 employees.

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, Rob Freeman and Ian Lindsay will retire by rotation and, being eligible, offer themselves for re-election.

Personnel 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 of which all staff can be proud.

Bob Every
Chairman

Nick Calavrias
Chief Executive Officer

15 August 2003

→ The 12 storey steel framed Nautilus apartment building at Orewa currently being constructed by Multiplex for Cornerstone Group. Steel & Tube supplied 560 tonnes of structural steel to the fabricator, Auckland Steel 2000 Ltd, and Steel & Tube Piping Systems supplied all pipe and fittings to Flameguard Fire Protection Ltd for the sprinkler system.

NAUTILUS APARTMENTS

The company benefited from a strong economy fuelled by high net migration, strong consumer spending and record demand from the construction sector.

REVIEW OF OPERATIONS

Net profit after tax of $21.52 million is an improvement of 18% or $3.23 million when compared with the previous result.

Earnings per share also increased by 18% to 24.5 cents while the dividend per share increased by 21% to 23 cents.

The New Zealand operations increased net profit by $3.04 million or 17%, on sales revenue growth of $26.63 million or 9% compared with last year. Approximately $12 million of the sales revenue increase was attributable to Hurricane Wire Products, which was acquired in April of this year.

Total Group sales revenue however, at $327.95 million, was $2.60 million less than last year due to the divestment of the Canadian Steel Distribution business, A J Forsyth & Company, in October 2001.

OPERATIONS

Steel Distribution and Processing This business, aided by the inclusion of a full year's trading of the Piping Systems operation acquired in May 2002, was able to increase the total tonnes sold and its profitability during the year due to steady demand for its goods and services from most sectors of the economy.

The rural sector proved more resilient than expected, remaining at similar levels to last year. However, as the year progressed, demand for our goods and services gathered momentum from the construction sector overall and, in particular, from the Auckland region.

The manufacturing sector on the other hand struggled for most of the year due to the strong appreciation of the New Zealand dollar. The effect on this sector was considerable as exports became less competitive while at the same time the domestic market suffered through cheaper imports.

Although the amount of steel in tonnes sold increased slightly compared with last year, total sales revenue was adversely affected as the average selling price of steel products reduced in the second half of the year, due to the strong New Zealand currency.

Roofing Products This operation benefited from the growth in net migration and low interest rates, fuelling the strongest demand for new residential housing since 1977. In addition to this, a buoyant re roof market and steady demand for storage and farm buildings assisted this division to post substantially improved results.

Reinforcing and Fabrication Although the commercial construction sector remained flat, this business was able to improve its financial result substantially when compared with last year due to obtaining a more favourable mix of construction projects.

Hurricane Wire Products This business was acquired effective 1 April 2003, and is the largest manufacturer of basic wire products in New Zealand. Its core products include rural fencing, farm gates, reinforcing mesh and nails. It has two manufacturing plants (Auckland and Christchurch) and has 165 employees. About 45% of its product range is sold to the rural sector with the balance going predominantly to the building and construction sector.

The profit result from this operation was positive and in line with expectations after allowing for interest and amortisation of goodwill.

General market conditions The New Zealand economy for the twelve-month period ending June 2003 was one of the fastest growing economies in the OECD with GDP growth of about 4.3%.

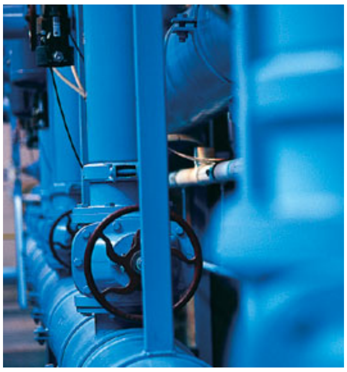
Economic growth was led by consumer spending and the construction of new residential housing, which was boosted by the population growth from net migration and low interest rates.

Total construction values during this period grew by about $1.3 billion however, this was all due to growth in residential construction.

Although New Zealand's total export volumes grew, weak commodity prices and a rapidly appreciating currency adversely affected the income of this sector by some $2 billion when compared with the previous year.

The reduced income for the rural sector was signalled well in advance and, for this reason, it was generally expected that demand from this sector would slow down in the second half of the year. Although this slow down did occur in some parts of the country, other parts compensated, allowing demand to remain at similar volumes.

Steel & Tube Piping Systems supplied Victaulic pipe and fittings for the new air-drying system at ACI Glass Packaging New Zealand.



→ **Victaulic pipe and fittings were supplied by Steel & Tube Piping Systems for the recently replaced fire hydrant main at Huntly Power Station.**

GENESIS POWER

REVIEW OF OPERATIONS CONTINUED...

Health and Safety Work-related injuries can be very traumatic on individuals, families and the Company. It is for this reason that Steel & Tube has adopted an overriding commitment to ensuring that its employees are advised of, and trained in, the areas of risk and hazard management, and continually searches for opportunities to improve this aspect of its operations.

This strong commitment by all concerned resulted in the Company being awarded the ACC-sponsored Wellington region gold award in May 2003 for Workplace Safety.

Outlook The growth in net migration of about 43,000 per year coupled with low interest rates is expected to continue to drive the economy. The demand for new housing is expected to remain at similar levels for some time yet, while infrastructure projects are likely to boost the commercial construction sector over the next few years. There are signs however that the rural and manufacturing sectors are beginning to soften.

Provided that there is no significant change to the economy, our expectations are for an overall improved result mainly due to the inclusion of a full year's trading from Hurricane Wire Products.

Standing: Roger O'Neill General Manager Reinforcing & Fabrication; **Jon Gousmett** General Manager Northern Region Steel Distribution & Processing; **Mark Winnard** General Manager Roofing Products; **Terry Carter** General Manager Central & Southern Region Steel Distribution & Processing

Seated: Jim Peterson General Manager Fastening Supplies; **Nick Calavrias** Executive General Manager Steel Distribution & Processing and Chief Executive Officer; **Guy Manning** General Manager Piping Systems; **Tony Candy** Company Secretary

Inset: Stuart Spittle General Manager Hurricane Wire Products

→ **Steel & Tube Roofing supplied their new profiles, ST900 roofing and STC cladding, to Kiwi Roofing Ltd for a recently developed property at Cryers Rd, East Tamaki, Auckland.**

CRYERS RD COMMERCIAL BUILDING

GOVERNANCE STATEMENT

Board structure and activities The Board is responsible for the proper direction and control of the Group's activities and its Directors are elected by shareholders to provide leadership and strategic insight that will enhance value and enable the Group to grow.

The Board establishes the Group's objectives, and the overall policy and control framework through which the Group's business is conducted, and monitors management's performance with respect to these matters. This responsibility includes such areas of stewardship as the identification and control of business risks, the integrity of the management information systems and reporting to shareholders.

In practice the Board achieves its role through defined delegation to the Chief Executive Officer who is charged with the day-to-day leadership and management of the Group. There are five non-executive Directors and the CEO as the Executive Director. The Company's Constitution sets out the policies and guidelines for the operation of the Board including the appointment and removal of Directors. The Board operates in accordance with the broad principles set out in its charter.

The Board has nine scheduled meetings a year and will also meet when required on specific matters that arise. Presentations by general managers of the Group's divisions are also made during these meetings which are held at various locations to enable the Directors to interact with management, staff and customers.

Directors' fees are approved by shareholders at annual meetings and the fees are applicable to non-executive Directors. The Chief Executive Officer as an executive of the Company is not entitled to directors' fees.

The Board is subject to performance appraisal through the application of a corporate governance best practice model in conjunction with an external facilitator. Appropriate strategies and action plans for improvement are agreed following a review of the facilitator's recommendations.

Steel & Tube Reinforcing supplied 1,100 tonnes of reinforcing to C Lund & Son Ltd during construction of the Christchurch Art Gallery. The building was officially opened on 10th May 2003.

Steel & Tube Distribution supply all steel requirements to Trimax Industries Ltd for their range of commercial mowers.

Board committees There are three committees within the Board to assist it in the execution of its duties and to allow detailed consideration of complex issues. They are audit, governance and remuneration, occupational health, safety and environment with all committee members comprised of non-executive Directors.

Audit committee The audit committee comprising Tony Reeves (Chairman), Barry Dineen, and Ian Lindsay plans to meet four times a year and is charged with the review of the annual and interim reports, other financial information released to the market, and consideration of matters associated with internal and external audit. This committee also promotes effective risk management policies and ensures that proper internal control systems are in place to provide the Board with assurance that the Group's assets are safeguarded and that the Company has complied with its statutory requirements.

Governance and remuneration committee Its members are Bob Every (Chairman), Barry Dineen, and Ian Lindsay with the main responsibilities being the review of the corporate governance procedures of the Company, recommending new nominees for membership to the Board, remuneration of Directors and the Chief Executive Officer, approval of the CEO's recommendations in respect to remuneration packages of senior management, and advising the Board in relation to share plans, incentive performance packages and succession planning.

Occupational health, safety and environment committee This committee is comprised of Rob Freeman (Chairman) and Ian Lindsay, and its responsibilities are to review and report to the Board on the adequacy of policies and management systems, compliance with statutory regulations, and other significant issues with respect to health, safety and the environment.

Risk management and legal compliance The Group is committed to identifying, monitoring and managing the risks associated with its business activities. Defined policies and procedures are in place to effectively manage legal compliance and other business risks and exposures. The Board reviews the policies and procedures and, where appropriate, advice will be obtained from external sources. The Group has in place programmes to assist managers and employees to achieve and maintain compliance.

Shareholder relations Shareholders are responsible for voting on the appointment of Directors. The Board aims to ensure that shareholders are informed of all major developments affecting the business activities of the Group. Information is communicated in interim and annual reports, notices and announcements to the New Zealand Exchange, notices and memoranda of annual meetings, the Company's website at www.steelandtube.co.nz and media releases. Prior years' annual reports can also be found on the website.

Hurricane Wire Products is NZ's largest integrated producer of wire products, with a strong presence and a diverse product range in the building and rural sectors.

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 and 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 OneSteel Limited are interested transactions. Details of these are given in Note 20 of the financial statements.

Details of matters that have been entered in the interests register by individual Directors are outlined in the Director profiles and the accompanying sections below. 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 year ended 30 June 2003 were:

	$000
R L Every	68
N Calavrias	672
B M J Dineen	34
R W Freeman	34
I K Lindsay	34
A J Reeves	34

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

Soanes and Vision Engineering Ltd recently completed an upgrade for ACI Glass Packaging New Zealand for which Steel & Tube Piping Systems supplied Victaulic pipe and fittings.

Remuneration of employees Total remuneration and benefits received, or due and receivable, for the year ended 30 June 2003 were within the following bands:

Remuneration Range	Number of Employees
$100,000 – $109,999	6
$110,000 – $119,999	7
$120,000 – $129,999	2
$130,000 – $139,999	1
$140,000 – $149,999	1
$150,000 – $159,999	1
$170,000 – $179,999	1
$190,000 – $199,999	2
$200,000 – $209,999	1
$220,000 – $229,999	1

Directors' shareholding

	As at 30 June 2003			As at 30 June 2002		
	Beneficial	Non-Beneficial	Associated Person	Beneficial	Non-Beneficial	Associated Person
N Calavrias	440,000(1)	112,200(2)	525,000	440,000(1)	114,900(2)	525,000
B M J Dineen	40,000	112,200(2)	-	40,000	114,900(2)	-
R L Every	6,000	-	44,504,814(3)	6,000	-	44,507,240(3)
R W Freeman	-	-	44,504,814(3)	-	-	44,507,240(3)
I K Lindsay	20,000	-	-	20,000	-	-
A J Reeves	2,000	-	44,504,814(3)	2,000	-	44,507,240(3)

(1) Includes 310,000 shares partly paid up to 1 cent held under the Senior Executives' Share Scheme 1993 and 130,000 fully paid up shares.

(2) Shares held in a non-beneficial capacity as Trustee of the Employee Share Purchase Scheme.

(3) Messrs Every, Freeman and Reeves are associated persons of OneSteel Limited by virtue of their positions as directors or employees of certain of its related companies.

SHAREHOLDER INFORMATION AT 13 AUGUST 2003

Census of shareholders

Size of Holdings	Number of Shareholders	Number of Shares	Percentage Holding
1 – 499	1,157	231,337	0.26
500 – 999	921	608,605	0.69
1,000 – 4,999	3,660	8,433,823	9.53
5,000 – 9,999	1,153	7,293,665	8.24
10,000 – 49,999	934	15,391,867	17.39
50,000 – 99,999	40	2,889,737	3.26
Over 100,000	27	53,680,206	60.63
	7,892	88,529,240	100.00

Twenty largest shareholders

Tubemakers of New Zealand Limited	44,504,814	50.27
Accident Compensation Corporation*	1,904,666	2.15
National Nominees New Zealand Limited*	1,826,883	2.06
Citibank Nominees (New Zealand) Limited*	565,085	0.64
Nicholas Calavrias & Mariana Calavrias & Leonidas Angelo Gambitsis	525,000	0.59
AMP Superannuation Tracker Fund*	478,457	0.54
Forbar Custodians Limited	400,553	0.45
The Trustees Executors and Agency Company of New Zealand*	341,371	0.39
Forbar Custodians Limited	309,808	0.35
Guardian Trust Investment Nominees (RWT) Limited*	263,069	0.30
ANZ Nominees Limited*	227,000	0.26
Leszek Andrzej Plenzler	212,000	0.24
TEA Custodians Limited – NZ Mid Cap Index Fund*	210,765	0.24
Douglas Richard Leyser & Robyn Jan Leyser	182,750	0.21
Elsie Winifred Leyser	176,575	0.20
Regent Holdings Limited	162,000	0.18
James Michael Hannan & Helen Anne Hannan & Neville Gordon Low	140,000	0.16
Leveraged Equities Custodians Limited	132,700	0.15
Nicholas Calavrias	130,000	0.15
Rauhine Jeffery	120,000	0.14
	52,813,496	59.67

* Shares held in the name of New Zealand Central Securities Depository Limited.

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 13 August 2003 are as follows:

	Fully Paid Ordinary Shares Held	Percentage Holding
Tubemakers of New Zealand Limited	44,504,814	50.27

Securities on issue comprise:

Fully paid ordinary shares carrying full voting rights	87,868,240
Senior executives' shares partly paid to one cent	661,000

CONTENTS

The Directors are responsible for ensuring that the financial statements comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and the Group as at 30 June 2003 and its financial performance and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Company and the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates, and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept, which enable, with reasonable accuracy, the determination of the financial position of the Company and the Group and facilitate the compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The Board of Directors of Steel & Tube Holdings Limited authorised these financial statements for issue on 15 August 2003.

The Directors are pleased to present the financial statements of Steel & Tube Holdings Limited and its subsidiaries for the year ended 30 June 2003.

For and on behalf of the Board

BOB EVERY
CHAIRMAN

NICK CALAVRIAS
CHIEF EXECUTIVE OFFICER

STATEMENTS OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
Sales					
Continuing activities		**327,957**	301,320	**327,957**	299,165
Discontinued activities		-	29,234	-	-
		327,957	330,554	**327,957**	299,165
Earnings before interest and tax					
Continuing activities		**34,284**	29,775	**34,135**	28,321
Discontinued activities		-	162	-	-
		34,284	29,937	**34,135**	28,321
Interest income		**116**	196	**116**	175
Interest expense		**(955)**	(1,626)	**(955)**	(697)
Profit before tax	3	**33,445**	28,507	**33,296**	27,799
Tax expense	4	**(11,923)**	(10,400)	**(11,906)**	(9,644)
Profit after tax		**21,522**	18,107	**21,390**	18,155
Minority interest in loss of subsidiary		-	177	-	-
Profit attributable to parent company shareholders		**21,522**	18,284	**21,390**	18,155

STATEMENTS OF MOVEMENTS IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2003

	Notes	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
Net profit for the year		**21,522**	18,284	**21,390**	18,155
Assets revaluation reserve movement	7	-	-	**149**	(739)
Movement in currency translation reserve	7	-	(5,520)	-	-
Amalgamation of subsidiary		-	-	-	183
Total recognised revenue and expenses		**21,522**	12,764	**21,539**	17,599
Transfer of foreign currency translation reserve to retained earnings	7	-	4,805	-	-
Decrease in minority interest		-	(17,798)	-	-
Movements in share capital	5	**(4)**	236	**(4)**	236
Dividends paid to shareholders	6	**(18,453)**	(24,578)	**(18,453)**	(24,578)
Movements during the year		**3,065**	(24,571)	**3,082**	(6,743)
Equity at beginning of year		**123,532**	148,103	**123,562**	130,305
Equity at end of year		**126,597**	123,532	**126,644**	123,562

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Notes	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
Equity					
Paid up share capital	5	**69,633**	69,637	**69,633**	69,637
Reserves	7	**-**	-	**9,277**	9,128
Retained earnings		**56,964**	53,895	**47,734**	44,797
		126,597	123,532	**126,644**	123,562
Non-current liabilities	8	**10,000**	-	**29,977**	19,657
Current liabilities					
Borrowings	9	**17,242**	6,626	**17,242**	6,626
Payables and accruals	10	**30,923**	29,221	**30,923**	29,195
		48,165	35,847	**48,165**	35,821
		184,762	159,379	**204,786**	179,040
Non-current assets					
Property, plant and equipment	11	**41,162**	38,098	**40,784**	37,720
Future income tax benefit	12	**3,323**	4,152	**3,315**	4,128
Goodwill		**22,326**	11,030	**22,326**	11,030
Investments	13	**-**	-	**20,410**	19,824
Long-term receivable	14	**-**	-	**-**	434
		66,811	53,280	**86,835**	73,136
Current assets					
Inventories		**54,935**	47,626	**54,935**	47,626
Receivables and prepayments	15	**63,016**	58,473	**63,016**	58,278
		117,951	106,099	**117,951**	105,904
		184,762	159,379	**204,786**	179,040

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

		Group		Parent	
	Notes	**2003**	2002	**2003**	2002
		$000	$000	**$000**	$000
Net cash flows from/(used in) operating activities					
Receipts from customers		**329,069**	331,055	**329,069**	298,850
Interest received		**116**	196	**116**	175
Payments to suppliers and employees		**(290,112)**	(284,237)	**(290,112)**	(256,493)
Income tax paid		**(11,185)**	(10,982)	**(11,185)**	(10,358)
Interest paid		**(955)**	(1,626)	**(955)**	(697)
Other taxes paid		**-**	(766)	**-**	-
		26,933	33,640	**26,933**	31,477
Net cash flows from/(used in) investing activities					
Sale of fixed assets		**799**	896	**799**	896
Proceeds from disposal of subsidiary		**149**	16,795	**-**	-
Purchase of subsidiary		**-**	(11,547)	**-**	(11,547)
Purchase of business assets	13	**(24,779)**	-	**(24,779)**	-
Purchase of fixed assets		**(5,261)**	(5,717)	**(5,261)**	(4,943)
		(29,092)	427	**(29,241)**	(15,594)
Net cash flows from/(used in) financing activities					
Borrowings		**10,000**	(4,360)	**10,000**	(10,000)
Loan from subsidiary		**-**	-	**149**	19,824
Share capital paid up		**11**	236	**11**	236
Repurchase and cancellation of shares		**(15)**	-	**(15)**	-
Minority interest share of dividends from disposed subsidiary		**-**	(3,519)	**-**	-
Dividends paid to majority shareholder		**(9,347)**	(12,463)	**(9,347)**	(12,463)
Dividends paid to other shareholders		**(9,106)**	(12,115)	**(9,106)**	(12,115)
		(8,457)	(32,221)	**(8,308)**	(14,518)
Net (decrease)/increase in cash balances		**(10,616)**	1,846	**(10,616)**	1,365
Cash at beginning of year		**(6,626)**	(8,472)	**(6,626)**	(7,991)
Cash at end of year		**(17,242)**	(6,626)	**(17,242)**	(6,626)
Cash is comprised of:					
Bank overdraft/call borrowings	9	**(17,242)**	(6,626)	**(17,242)**	(6,626)

FOR THE YEAR ENDED 30 JUNE 2003

	Group		Parent	
	2003	2002	**2003**	2002
	$000	$000	**$000**	$000
Reconciliation of profit after tax to net cash flows from operating activities				
Profit after tax	**21,522**	18,107	**21,390**	18,155
Items classified as investing/financing activities:				
Loss/(gain) on sale of fixed assets	**32**	(41)	**32**	(41)
Gain on disposal of subsidiary	**(149)**	(1,422)	**-**	-
	(117)	(1,463)	**32**	(41)
Non-cash items:				
Depreciation	**5,250**	5,613	**5,250**	5,030
Bad debts written off	**514**	1,544	**514**	321
Amortisation of goodwill	**1,755**	1,377	**1,755**	1,244
Future income tax benefit	**829**	(944)	**813**	(616)
	8,348	7,590	**8,332**	5,979
Movements in working capital items:				
Tax refund	**(91)**	(404)	**(92)**	(98)
Receivables and prepayments	**953**	(704)	**759**	(1,454)
Payables and accruals	**(2,749)**	3,688	**(2,555)**	5,961
Inventories	**(933)**	5,139	**(933)**	3,354
Movements in working capital classified as investing/financing activities	**-**	1,687	**-**	(379)
	(2,820)	9,406	**(2,821)**	7,384
Net cash inflows from operating activities	**26,933**	33,640	**26,933**	31,477

1. Statement of Accounting Policies

Reporting entities
Steel & Tube Holdings Limited is a company registered under the Companies Act 1993 and is listed on the New Zealand Stock Exchange. Steel & Tube Holdings Limited is an issuer for the purposes of the Financial Reporting Act 1993.

The Group comprises Steel & Tube Holdings Limited and its subsidiaries.

The financial statements of the Parent Company and the Group 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 using the purchase method. All significant intercompany transactions 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 acquired is capitalised as goodwill and is amortised to the Statement of Financial Performance over a period of 10 years.

(d) Property, plant and equipment
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.

(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 for doubtful debts.

(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
Transactions
Foreign currency transactions, including those of foreign operations, are recorded at the exchange rates at the transaction date except where foreign currency forward exchange contracts have been taken out to cover forward currency commitments. Where foreign currency forward exchange contracts have been taken out, the transactions are translated at the rates contained in the contracts.

Monetary assets and liabilities arising from trading transactions are translated at closing rates. Gains and losses due to currency fluctuations on these items are included in the Statement of Financial Performance.

Foreign operations
Revenue and expenses of independent foreign operations are translated 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
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
Foreign currency 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 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.

(n) 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, call borrowings, 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.

Comparatives
Certain comparatives have been restated to correspond with the current year's presentation.

Changes in accounting policies
There have been no changes in accounting policies.

2. Business activities during the year

The business activities of the Group during the year were the processing, fabrication and distribution of steel products.

		Group		Parent	
		2003	2002	**2003**	2002
		$000	$000	**$000**	$000
3. Profit before tax					
Profit before tax is stated after charging/(crediting):					
Depreciation	- buildings	**376**	543	**376**	385
	- leasehold improvements	**140**	84	**140**	84
	- motor vehicles	**785**	660	**785**	660
	- equipment, furniture & fittings	**1,597**	1,595	**1,597**	1,595
	- plant & machinery	**2,352**	2,731	**2,352**	2,306
Depreciation on property, plant and equipment		**5,250**	5,613	**5,250**	5,030
Amortisation of goodwill		**1,755**	1,377	**1,755**	1,244
Auditors' remuneration	- audit services	**202**	317	**202**	240
	- other assurance services	**187**	249	**187**	184
Bad debts written off		**514**	1,544	**514**	321
Doubtful debts estimated		**63**	(324)	**63**	157
Directors' fees		**204**	181	**204**	181
Donations		**6**	7	**6**	7
Disposal of property, plant and equipment		**32**	(41)	**32**	(41)
Rent and leasing costs		**4,408**	4,083	**4,408**	3,820

	Group		Parent	
	2003	2002	**2003**	2002
	$000	$000	**$000**	$000

4. Tax expense

Profit before tax	**33,445**	28,507	**33,296**	27,799
Permanent differences	**2,053**	2,945	**2,202**	1,421
Taxable income	**35,498**	31,452	**35,498**	29,220
Tax at 33% (2002: 33%)	**11,714**	10,379	**11,714**	9,643
Under provided in prior years	**209**	1	**192**	1
Overseas tax rate adjustment	**-**	20	**-**	-
Total income tax expense	**11,923**	10,400	**11,906**	9,644
Comprising:				
Estimated current year tax assessment	**11,094**	11,344	**11,093**	10,260
Future income tax benefit	**829**	(944)	**813**	(616)
	11,923	10,400	**11,906**	9,644

Imputation credit account

	Group and Parent	
	2003	2002
	$000	$000
Balance at beginning of year	**2,854**	4,597
Tax payments	**9,400**	8,000
Credits attached to dividends paid	**(7,315)**	(9,743)
Balance at end of year	**4,939**	2,854

5. Paid up share capital

Balance at beginning of year	**69,637**	69,401
Issued to employee share scheme	**-**	236
Fully paid up on exercise of senior executives' share scheme	**11**	-
Shares repurchased and cancelled	**(15)**	-
Balance at end of year	**69,633**	69,637
Shares issued:		
Fully paid ordinary shares	**87,868,240**	87,865,066
Senior executives' shares paid to one cent	**661,000**	669,000
Ordinary shares issued at end of year	**88,529,240**	88,534,066

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 and Parent 2003 $000	2002 $000
6. Dividends paid		
2003 interim dividend of 11 cents per share (2002: 9 cents)	**9,666**	7,900
(2002: special dividend of 10 cents per share)	-	8,778
2002 final dividend of 10 cents per share (2001: 9 cents)	**8,787**	7,900
	18,453	24,578

Dividends paid are fully imputed. Supplementary dividends of $1.8 million (2002: $2.4 million) were paid to non-resident shareholders for which the Group received a foreign investor tax credit entitlement.

	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
7. Reserves				
Assets revaluation reserve:				
Balance at beginning of year	-	-	**9,128**	9,867
Movements during the year	-	-	**149**	(739)
Balance at end of year	-	-	**9,277**	9,128
Foreign currency translation reserve:				
Balance at beginning of year	-	5,520	-	-
Movements during the year	-	(715)	-	-
Release on disposal of subsidiary	-	(4,805)	-	-
Balance at end of year	-	-	-	-
Total reserves at end of year	**-**	-	**9,277**	9,128
8. Non-current liabilities				
Bank term loans	**10,000**	-	**10,000**	-
Loan from subsidiary	-	-	**19,977**	19,657
	10,000	-	**29,977**	19,657

The bank term loans have an average interest rate of 6% per annum. The loan from the subsidiary is free of interest and repayable on demand.

	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
9. Short-term borrowings				
Bank overdraft/call borrowings	**17,242**	6,626	**17,242**	6,626

Interest rates during the year on the bank loans ranged from 5% to 6% (2002: 5% to 7%). The credit facilities provided by the banks can be drawn down at any time subject to the conditions of the Group's Deed of Negative Pledge. Interest rates are variable on the facilities.

	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000

10. Payables and accruals

	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
Trade creditors	**21,788**	20,528	**21,788**	20,528
Accrued expenses	**6,863**	6,865	**6,863**	6,839
Employee entitlements	**2,272**	1,828	**2,272**	1,828
	30,923	29,221	**30,923**	29,195

11. Property, plant and equipment

	Group 2003 $000	Group 2002 $000	Parent 2003 $000	Parent 2002 $000
Freehold land				
- cost	**2,795**	3,184	**2,795**	3,184
- valuation	**1,640**	1,602	**1,640**	1,602
Leasehold land				
- valuation	**162**	162	**81**	81
	4,597	4,948	**4,516**	4,867
Buildings				
- cost	**15,616**	15,996	**15,616**	15,996
- accumulated depreciation on cost	**(2,420)**	(2,147)	**(2,420)**	(2,147)
- valuation	**3,072**	3,001	**2,676**	2,605
- accumulated depreciation on valuation	**(745)**	(682)	**(646)**	(583)
	15,523	16,168	**15,226**	15,871
Leasehold improvements				
- cost	**1,330**	1,022	**1,330**	1,022
- accumulated depreciation	**(574)**	(475)	**(574)**	(475)
	756	547	**756**	547
Plant and machinery				
- cost	**32,109**	26,074	**32,109**	26,074
- accumulated depreciation	**(18,799)**	(16,710)	**(18,799)**	(16,710)
	13,310	9,364	**13,310**	9,364
Vehicles				
- cost	**4,658**	4,161	**4,658**	4,161
- accumulated depreciation	**(2,654)**	(2,391)	**(2,654)**	(2,391)
	2,004	1,770	**2,004**	1,770
Equipment, furniture and fittings				
- cost	**15,411**	14,984	**15,411**	14,984
- accumulated depreciation	**(11,598)**	(11,736)	**(11,598)**	(11,736)
	3,813	3,248	**3,813**	3,248
Capital work in progress	**1,159**	2,053	**1,159**	2,053
Total property, plant and equipment	**41,162**	38,098	**40,784**	37,720

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 2003.

	Group		Parent	
	2003	2002	**2003**	2002
	$000	$000	**$000**	$000
12. Future income tax benefit				
Balance at beginning of year	**4,152**	1,365	**4,128**	3,281
Acquisition of subsidiary	**-**	231	**-**	231
Disposal of subsidiary	**-**	1,612	**-**	-
Tax expense transfer	**(829)**	944	**(813)**	616
Balance at end of year	**3,323**	4,152	**3,315**	4,128
13. Investments				
Shares in subsidiaries	**-**	-	**20,410**	19,824

The principal subsidiaries all have a balance date of 30 June.

	Country of Incorporation	Percentage Shareholding	Principal Activities
David Crozier Limited	New Zealand	100 %	Non-trading
EMCO Group Limited	New Zealand	100 %	Non-trading
NZMC Limited	New Zealand	100 %	Non-trading
Steel & Tube New Zealand Limited	New Zealand	100 %	Non-trading
Stube Industries Limited	New Zealand	100 %	Property

Acquisition of business assets

The business assets of Hurricane Wire Products Limited was acquired on 31 March 2003 for a cash consideration of $24.8 million.

	Group
	2003
	$000
Trade receivables	5,823
Other current assets	96
Inventories	6,376
Plant and equipment	3,883
Trade creditors	(4,047)
Employee entitlements	(402)
	11,729
Goodwill on aquisition	13,050
Cash paid	**24,779**

	Group		Parent	
	2003	2002	**2003**	2002
	$000	$000	**$000**	$000

14. Long-term receivable

Advance to subsidiary	**-**	-	**-**	434

The advance to subsidiary is free of interest and repayable on demand.

15. Receivables and prepayments

Trade debtors	**61,609**	56,941	**61,609**	56,941
Tax refund	**93**	2	**93**	1
Prepayments and other receivables	**1,314**	1,530	**1,314**	1,336
	63,016	58,473	**63,016**	58,278

16. 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:

	Group		Parent	
	2003	2002	**2003**	2002
	$000	$000	**$000**	$000
(i) Within 1 year	**5,241**	4,075	**5,225**	4,060
(ii) Within 1-2 years	**4,984**	3,362	**4,923**	3,301
(iii) Within 2-5 years	**10,693**	7,768	**10,508**	7,584
(iv) Beyond 5 years	**4,135**	1,391	**4,048**	1,242
	25,053	16,596	**24,704**	16,187

(b) Capital commitments

The Group has commitments of $1.4 million (2002: $1.3 million) with respect to fixed asset purchases.

17. 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 section DF7 of the Income Tax Act 1994.

The Scheme is available to all full-time permanent employees who have completed at least 12 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, administer the shares in the Scheme until ownership of the shares is vested with the employee.

The Trustees are Barry Dineen, Nick Calavrias and Tony Candy who were appointed by the Board.
At 30 June 2003 the Trustees held 112,200 shares (2002: 114,900 shares).

18. Segment information

Geographical segments

	New Zealand processing, fabrication and distribution of steel products		Canadian processing, fabrication and distribution of steel products (discontinued activities)		Group	
	2003	2002	**2003**	2002	**2003**	2002
	$000	$000	**$000**	$000	**$000**	$000
Sales	**327,957**	301,320	**-**	29,234	**327,957**	330,554
EBIT	**34,284**	29,775	**-**	162	**34,284**	29,937
Net interest expense					**(839)**	(1,430)
Taxation					**(11,923)**	(10,400)
Total unallocated expenses					**(12,762)**	(11,830)
Profit after taxation					**21,522**	18,107
Minority interest					-	177
Profit attributable to shareholders					**21,522**	18,284
Total assets	**184,762**	159,379	**-**	-	**184,762**	159,379

Canadian segment in Canadian dollars (discontinued activities)

	Canadian processing, fabrication and distribution of steel products (discontinued activities)	
	2003	2002
	CAD$000	CAD$000
Sales	**-**	18,756
EBIT	**-**	126

19. Financial instruments

(a) (i) Currency risk

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 notional amount of the foreign currency forward exchange contracts of the Group outstanding at 30 June 2003 is $3.8 million (2002: $4.2 million).

(ii) Interest rate risk

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

The following tables identify the maturity periods of the borrowings and the current weighted average interest rate.

	Effective Interest Rates	Current $000	1–2 years $000	2–5 years $000	Total $000
Group 2003					
Bank overdraft/call borrowings	5.3%	17,242	-	-	17,242
Bank term loans	6.2%	-	5,000	5,000	10,000
		17,242	**5,000**	**5,000**	**27,242**
Group 2002					
Bank overdraft/call borrowings	5.2%	6,626	-	-	6,626

(iii) 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.

(b) Fair values

The fair values of financial instruments which differ from their carrying values are noted below.

	2003		2002	
	Carrying Value $000	Fair Value $000	Carrying Value $000	Fair Value $000
Group and parent				
Bank term loans	10,000	10,139	-	-
Foreign exchange contracts	-	(55)	-	(96)

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

Cash, receivables, payables, short-term borrowings, and subsidiary loan

The carrying values of these items are equivalent to their fair values and are excluded.

Unlisted investments

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

Term borrowings

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

Foreign currency forward exchange contracts

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

20. Related party transactions

Steel & Tube Holdings Limited is a 50.3% (2002: 50.3%) subsidiary of Tubemakers of New Zealand Limited with the latter controlled by OneSteel Limited of Australia.

The Group sourced 13.5% (2002: 15.6%) of its purchases from Onesteel and these transactions are conducted on an arm's length basis and at normal commercial terms. At balance date $4.1 million (2002: $2.9 million) is outstanding to Onesteel and is included in trade creditors.

21. Contingent liabilities

Guarantees under contracts and other contingent liabilities of the Group total $2.6 million (2002: $3.0 million). These have been entered into in the ordinary course of business.

22. Subsequent event

On 18 August 2003 the Board of Directors declared a dividend of 12 cents per share and the amount payable is $10.54 million. This dividend is fully imputed and a supplementary dividend of 2.117 cents per share will be paid to non-resident shareholders.

PRICEWATERHOUSECOOPERS

We have audited the financial statements on pages 19 to 33. The financial statements provide information about the past financial performance and cash flows of the Company and Group for the year ended 30 June 2003 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 23 to 25.

Directors' Responsibilities
The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company and Group as at 30 June 2003 and their financial performance and cash flows for the year 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 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 under the Companies Act 1993, 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 19 to 33
  (i) comply with generally accepted accounting practice in New Zealand; and
  (ii) give a true and fair view of the financial position of the Company and Group as at 30 June 2003 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 15 August 2003 and our unqualified opinion is expressed as at that date.

PricewaterhouseCoopers.
Chartered Accountants
Wellington

	Notes	2003 12 months $000	2002 12 months $000	2001 12 months $000	2000 13 months $000	1999 12 months $000
Financial Performance						
Sales		**327,957**	330,554	389,958	403,094	337,901
EBITDA		**41,289**	36,927	36,709	40,320	19,881
Depreciation		**(5,250)**	(5,613)	(6,969)	(7,637)	(6,807)
Amortisation		**(1,755)**	(1,377)	(1,659)	(1,969)	(1,850)
EBIT		**34,284**	29,937	28,081	30,714	11,224
Net interest expense		**(839)**	(1,430)	(2,690)	(3,750)	(3,497)
Profit before tax		**33,445**	28,507	25,391	26,964	7,727
Tax		**(11,923)**	(10,400)	(9,529)	(10,835)	(4,019)
Profit after tax		**21,522**	18,107	15,862	16,129	3,708
Minority interest		-	177	(975)	(1,864)	(344)
Group profit after tax		**21,522**	18,284	14,887	14,265	3,364
Dividends		**(18,453)**	(24,578)	(12,285)	(5,265)	(7,019)
Transfer of foreign currency translation reserve		-	4,805	-	-	-
Retained earnings/(losses)		**3,069**	(1,489)	2,602	9,000	(3,655)
Funds Employed						
Equity		**126,597**	123,532	130,305	125,565	114,456
Term liabilities		**10,000**	-	14,584	5,000	27,657
		136,597	123,532	144,889	130,565	142,113
Represented by						
Current assets		**117,951**	106,099	137,644	145,558	128,912
Current liabilities		**(48,165)**	(35,847)	(52,507)	(77,249)	(45,653)
Working capital		**69,786**	70,252	85,137	68,309	83,259
Non-current assets		**66,811**	53,280	77,550	77,322	70,218
Minority interest		-	-	(17,798)	(15,066)	(11,364)
		136,597	123,532	144,889	130,565	142,113
Statistics	Notes					
Dividends per share (cents)		**23**	29	16	13	8
Dividend cover (times)		**1.2**	0.7	1.1	1.3	0.5
Earnings per share (cents)	1 & 2	**24.5**	20.8	17.0	15.0	3.8
Return on sales		**6.6%**	5.5%	3.8%	3.5%	1.0%
Return on equity	1	**17.0%**	14.8%	11.4%	10.5%	2.9%
Working capital ratio		**2.4:1**	3.0:1	2.6:1	1.9:1	2.8:1
Net assets per share	2	**$1.44**	$1.41	$1.48	$1.43	$1.30
Equity to total assets		**68.5%**	77.5%	60.6%	56.3%	57.5%
Debt to debt plus equity		**0.18:1**	0.05:1	0.20:1	0.28:1	0.28:1
Net interest cover (times)		**40.9**	20.9	10.4	8.2	3.2
Number of ordinary shareholders		**7,892**	7,863	7,559	6,860	6,855
Number of employees at period end		**736**	591	700	736	648

Notes:

(1) Earnings per share and return on equity have been annualised for the period ended 30 June 2000.

(2) Fully paid up shares has been used in the calculation of earnings and net assets per share.

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

STEEL & TUBE DISTRIBUTION & PROCESSING
15-17 Kings Crescent, Lower Hutt
Private Box 30-543, Lower Hutt
Executive General Manager and
Chief Executive Officer: Nick Calavrias
General Manager Northern Region: Jon Gousmett
General Manager Central & Southern Region: Terry Carter

STEEL & TUBE FASTENING SUPPLIES
15-17 Kings Crescent, Lower Hutt
Private Box 30-543, Lower Hutt
General Manager: Jim Peterson

STEEL & TUBE PIPING SYSTEMS
2B Fisher Crescent, Mt Wellington, Auckland
P O Box 14-450, Panmure, Auckland
General Manager: Guy Manning

STEEL & TUBE REINFORCING & FABRICATION
15-17 Kings Crescent, Lower Hutt
P O Box 38-887, Wellington Mail Centre
General Manager: Roger O'Neill

STEEL & TUBE ROOFING PRODUCTS
68 Stonedon Drive, East Tamaki, Auckland
P O Box 259-019, Greenmount, Auckland
General Manager: Mark Winnard

HURRICANE WIRE PRODUCTS
27 Kings Edward Tce, Woolston, Christchurch
P O Box 1153, Christchurch
General Manager: Stuart Spittle

SHARE REGISTRY
Computershare Investor Services Limited
Private Bag 92-119, Auckland

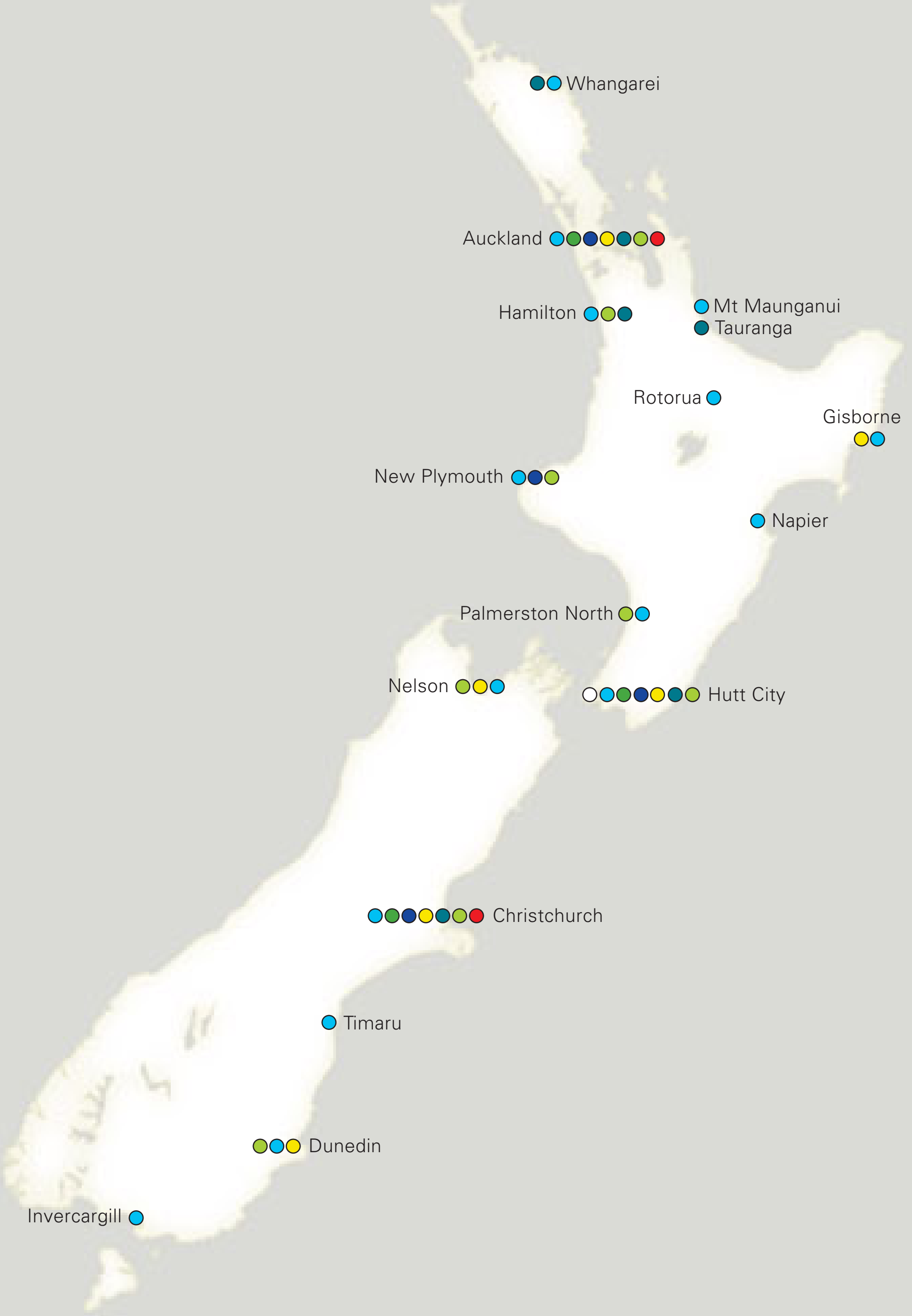
AUDITORS
PricewaterhouseCoopers

BANKERS
ANZ Banking Group (New Zealand) Limited
The National Bank of New Zealand Limited

- ○ CORPORATE OFFICE
- ● STEEL DISTRIBUTION
- ● STEEL PROCESSING
- ● PIPING SYSTEMS
- ● FASTENING SUPPLIES
- ● ROOFING PRODUCTS
- ● REINFORCING & FABRICATION
- ● HURRICANE WIRE PRODUCTS

BUSINESS LOCATIONS

New Zealand



Steel & Tube Holdings Limited

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