steel&tube
STRONGER IN EVERYWAY

Financial Report 2015


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Directors' Report

The Directors are pleased to present the annual report and audited financial statements of the company and its subsidiaries for the year ended 30 June 2015.

Group Results

For the year ended 30 June 2015 Steel & Tube Holdings Limited reported a group net profit after tax of $21.4 million. This result compares to a profit of $17.9 million after tax last year, an increase of 20 per cent. Earnings per share for the year ended 30 June 2015 were 24.5 cents compared to 20.4 cents for last year.

As at 30 June 2015; total equity increased by $6.6 million to $167.0 million. Total assets increased by $9.1 million to $287.8 million, compared to $278.7 million in the prior year.

The group's debt-to-equity ratio of 28.8 per cent continues to be at a level which enables the group to leverage against its assets if required. The group is in a sound position.

Dividends

The company has declared a fully imputed dividend of 10.0 cents per share payable on 30 September 2015 to holders of fully paid ordinary shares recorded on 11 September 2015. This brings the total dividends for the year to 19.0 cents. The final dividend payable is $9.05 million.

Executive Share Plan

A total of 288,712 shares were purchased for the Executive Share Plan. Conversion of the rights to these shares is subject to achieving Board approved targets. During the year rights to 136,031 shares within the Executive Share Plan were exercised, refer to note 19(b) in the financial statements. The NZX granted a waiver to the company under listing rule 7.6.4(b) (iii) to allow the CEO Mr Dave Taylor, in his capacity as a Director of the company to participate in the Plan on the same terms as those offered to other senior employees. Non-executive Directors do not participate in the Plan.

Auditors

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

Directors

Director certificates covering entries in the Interests Register in respect of remuneration, dealing in company shares, insurance indemnities and other interests have been disclosed in the statutory information section of the annual report.

Diversity

S&T established a Diversity Policy during 2014 which aims to ensure that the company attracts and retains a diverse workforce and that there is a focus on diversity throughout the organisation. The Board undertook its first Diversity Policy review in August 2015 and concluded that overall the company is meeting its diversity principles and practices and that over the past year has performed well against the policy intent.

Personnel

In a year when the company reached revenue in excess of $500 million, the Board extends its sincere thanks to all S&T staff for their ongoing support and commitment, and welcomes those who have recently joined in the latest acquisition. Their efforts have helped create strong foundations for S&T which will stand us in excellent stead as we go forward.

Sir John Anderson
Chairman
13 August 2015

Dave Taylor
Chief Executive Officer

This document, in conjunction with the Steel & Tube Shareholder Review 2015, constitutes the 2015 Annual Report to shareholders of Steel & Tube Holdings Limited.

Financial Statements 2015

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2015

		Group	
		2015	2014
	Notes	**$000**	$000
Sales revenue		**501,795**	441,433
Other operating income		**555**	867
Cost of sales	4	**(388,602)**	(347,651)
Selling expenses	4	**(36,027)**	(30,854)
Administration expenses	4	**(21,592)**	(17,294)
Other operating expenses	4	**(22,807)**	(19,705)
Operating earnings before financing costs		**33,322**	26,796
Interest income		**72**	25
Interest expense		**(3,568)**	(1,944)
Profit before tax		**29,826**	24,877
Tax expense	5	**(8,379)**	(6,973)
Profit for the year attributable to owners of the parent		**21,447**	17,904
Items that may be reclassified to profit or loss			
Other comprehensive income - hedging reserve	18	**1,230**	(703)
Total comprehensive income		**22,677**	17,201
Basic earnings per share (cents)	14	**24.5**	20.4
Diluted earnings per share (cents)	14	**24.5**	20.4

This document, in conjunction with the Steel & Tube Shareholder Review 2015, constitutes the 2015 Annual Report to shareholders of Steel & Tube Holdings Limited.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Share capital $000	Retained earnings $000	Hedging reserve $000	Treasury shares $000	Share-based payments $000	Total equity $000
Group							
Balance at 1 July 2013		71,594	86,859	336	(2,306)	704	157,187
Comprehensive income							
Profit after tax		-	17,904	-	-	-	17,904
Other comprehensive income - hedging reserve		-	-	(703)	-	-	(703)
Total comprehensive income		-	17,904	(703)	-	-	17,201
Transactions with owners							
Dividends paid	15	-	(13,596)	-	-	-	(13,596)
Proceeds from partly paid shares	13	62	-	-	-	-	62
Options vested during the year		-	-	-	-	(107)	(107)
Purchase of own shares - net of transaction costs	16	-	-	-	(366)	-	(366)
Balance at 30 June 2014		71,656	91,167	(367)	(2,672)	597	160,381
Balance at 1 July 2014		71,656	91,167	(367)	(2,672)	597	160,381
Comprehensive income							
Profit after tax		-	21,447	-	-	-	21,447
Other comprehensive income - hedging reserve		-	-	1,230	-	-	1,230
Total comprehensive income		-	21,447	1,230	-	-	22,677
Transactions with owners							
Dividends paid	15	-	(15,756)	-	-	-	(15,756)
Proceeds from partly paid shares	13	61	-	-	-	-	61
Options vested during the year		-	-	-	-	74	74
Purchase of own shares - net of transaction costs	16	-	-	-	(428)	-	(428)
Balance at 30 June 2015		**71,717**	**96,858**	**863**	**(3,100)**	**671**	**167,009**

Balance Sheet

AS AT 30 JUNE 2015

	Notes	Group 2015 $000	Group 2014 $000
Current assets			
Cash and cash equivalents		**4,090**	5,795
Trade and other receivables	6	**86,747**	88,298
Inventories	7	**112,601**	113,002
Derivative financial instruments	18	**1,457**	5
		204,895	207,100
Non-current assets			
Property, plant and equipment	8	**56,702**	48,117
Intangibles	9	**26,204**	23,522
		82,906	71,639
Total assets		**287,801**	278,739
Current liabilities			
Trade and other payables	10	**42,329**	48,274
Borrowings	12	**-**	64,500
Provisions	11	**1,682**	348
Derivative financial instruments	18	**2**	682
Income tax payable		**1,772**	2,209
		45,785	116,013
Non-current liabilities			
Trade and other payables	10	**341**	795
Borrowings	12	**71,740**	-
Deferred tax	5	**798**	603
Provisions Long Term	11	**1,082**	-
Employee benefits		**1,046**	947
		75,007	2,345
Equity			
Share capital	13	**71,717**	71,656
Retained earnings		**96,858**	91,167
Other reserves	16 18(a)	**(1,566)**	(2,442)
		167,009	160,381
Total equity and liabilities		**287,801**	278,739

These financial statements and the accompanying notes were authorised by the Board on 13 August 2015.

For the Board

J. A. Anderson

Sir John Anderson
Chairman

Dave Taylor
Chief Executive Officer

This document, in conjunction with the Steel & Tube Shareholder Review 2015, constitutes the 2015 Annual Report to shareholders of Steel & Tube Holdings Limited.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	Group 2015 $000	2014 $000
Cash flows from operating activities			
Customer receipts		**503,528**	436,398
Interest receipts		**72**	25
Payments to suppliers and employees		**(467,511)**	(414,936)
Income tax payments		**(8,621)**	(7,242)
Interest payments		**(3,568)**	(1,944)
Net cash inflow from operating activities		**23,900**	12,301
Cash flows from investing activities			
Property, plant and equipment disposals/proceeds		**390**	151
Payment for new business purchase (net of cash acquired)		**(681)**	(26,163)
Property, plant and equipment and intangible asset purchases		**(16,431)**	(7,503)
Net cash outflow from investing activities		**(16,722)**	(33,515)
Cash flows from financing activities			
Share capital		**61**	62
Treasury shares	16	**(428)**	(366)
Borrowings		**45,740**	6,000
Dividends paid	15	**(15,756)**	(13,596)
Net cash inflow/(outflow) from financing activities		**29,617**	(7,900)
Net increase/(decrease) in cash and cash equivalents		**36,795**	(29,114)
Cash and cash equivalents at the beginning of the year		**(32,705)**	(3,591)
Cash and cash equivalents at the end of the year		**4,090**	(32,705)
Represented by:			
Cash and cash equivalents		**4,090**	5,795
Borrowings		**-**	(38,500)
		4,090	(32,705)

	Group 2015 $000	2014 $000
Reconciliation of profit after tax to cash flows from operating activities		
Profit after tax	**21,447**	17,904
Non-cash adjustments:		
Depreciation and amortisation	**4,945**	6,104
Derivatives	**-**	112
Deferred tax	**(232)**	(617)
Gain on items classified as investing activities:		
Gain on acquisition of new business	**-**	(448)
(Gain)/Loss on property, plant and equipment disposals	**(171)**	86
	25,989	23,141
Movements in working capital:		
Income tax	**(437)**	255
Inventories	**401**	(9,940)
Trade and other receivables	**1,551**	(6,371)
Trade and other payables	**(3,604)**	5,216
Net cash inflow from operating activities	**23,900**	12,301

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

1. General information

Steel & Tube Holdings Limited is registered under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013. The Company is a limited liability company incorporated and domiciled in New Zealand. The Group comprises Steel & Tube Holdings Limited and its subsidiaries. The Group's principal activities relate to the distribution, processing and fabrication of steel and allied products.

The registered office of the Company is Level 7, 25 Victoria Street, Petone, Lower Hutt, New Zealand.

2. Summary of significant accounting policies

(a) Statement of compliance

The Group is a profit-oriented entity and its consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and with International Financial Reporting Standards (IFRS). The Group reports under Tier 1 for-profit accounting standards. The financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules. In accordance with the Financial Markets Conduct Act 2013 because Group financial statements are prepared and presented for Steel & Tube Holdings Limited and its subsidiaries, separate financial statements for Steel & Tube Holdings Limited are no longer required to be prepared and presented.

(b) Basis of preparation

These financial statements are presented in New Zealand dollars and rounded to the nearest thousand. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies. These include: derivative financial instruments, long-term service benefits and long-term incentive benefits. Preparation of these financial statements requires the Management team of Steel & Tube Holdings Limited (hereafter referred to as management) to exercise judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and of income and expenses (refer to note 3).

(c) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit and loss. The accounting policies have been applied consistently to all periods presented in these financial statements. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency

(i) Functional and presentation currency

Items presented in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Group's financial statements are presented in New Zealand dollars, which is the Company's functional and Group's presentation currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated using foreign currency exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities at balance date are recognised in the Statement of Profit or Loss and Other Comprehensive Income; except when deferred in equity as qualifying cash flow hedges.

(e) Segment reporting

An operating segment is a component of an entity that engages in business activities that earn revenue and incur expenses and for which the Chief Operating Decision-Maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocations. The Chief Executive Officer has been identified as the CODM.

A description of each operating segment within the Group is outlined in note 17.

(f) Revenue recognition

Revenue comprises the fair value of sales of goods net of Goods and Services Tax, and discounts and after elimination of sales within the Group. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer.

Interest shall be recognised using the effective interest method.

(g) Income tax and deferred tax

Income tax comprises both current and deferred tax. Tax is recognised in the statement of profit or loss and comprehensive income except to the extent that it will relate to items directly recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using enacted tax rates and any adjustment to tax payable in respect of prior periods.

Deferred tax uses the liability method to provide for temporary differences between the carrying amounts of assets and liabilities and their tax base. Deferred tax is not provided for if it arises from the following temporary differences: goodwill not deductible for tax purposes, initial recognition of assets and liabilities in a transaction other than a business combination that affects neither accounting nor taxable profit and investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Group to the extent that they will probably not reverse in the foreseeable future. Deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using enacted or substantively enacted tax rates expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent it is probable future taxable profits will offset temporary differences.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts and call borrowings repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the Statement of Cash Flows.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost less the provision for impairment. The provision for impairment is established when there is objective evidence to indicate that debtors will not be able to pay their debts when due. Significant financial difficulties of debtors, a probability that debtors will enter receivership, bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable may be impaired.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value, with cost determined on a weighted average cost basis or standard cost basis. They include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, and selling expenses. The cost of finished inventories includes a share of overheads based on normal operating capacity.

(k) Financial assets

The Group classifies its financial assets as loans and receivables and derivatives. Derivatives are shown at fair value through the profit or loss and other comprehensive income. The classification depends on the purpose for which the assets were acquired. Management determines the classification of the assets at the initial recognition and re-evaluates the designation at each reporting date.

Purchases and sales of financial assets are recognised on the date the Group has committed to the transaction. De-recognition of financial assets occurs when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, these are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Balance Sheet, when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are recognised initially at fair value and subsequently at amortised cost less any impairment.

(l) Derivatives

(i) Cash flow hedge

The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks and interest risk arising from operational, financing and investing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify as hedging instruments for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivatives are re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of significant accounting policies (continued)

(l) Derivatives (continued)

(i) Cash flow hedge (continued)

For derivatives that are not designated as hedging instruments, the gain or loss on re-measurement to fair value is recognised in the Statement of Profit or Loss and Other Comprehensive Income in other gains and losses.

The Group designates certain derivatives as hedges of a highly probable forecast transaction (cash flow hedge). The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised in equity. The gain or loss in the ineffective portion is recognised in the Statement of Profit or Loss and Other Comprehensive Income in other gains/(losses).

When the hedged item is a non-financial asset (for example, inventory or property, plant and equipment) the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the Statement of Profit or Loss and Other Comprehensive Income in the same period the hedged item is recognised in the Statement of Profit or Loss and Other Comprehensive Income. If the hedging instrument no longer meets the criteria for hedge accounting, expires, is sold, terminated or is exercised, any cumulative gain or loss previously recognised in equity remains in equity until the forecast transaction is ultimately recognised in the Statement of Profit or Loss and Other Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to the Statement of Profit or Loss and Other Comprehensive Income within other gains/(losses).

Derivative financial instruments are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(m) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost (expenditure directly attributable to the purchase of items) less accumulated depreciation and impairment except for land and capital work in progress, which is stated at cost less impairment. Assets are tested annually for indicators of impairment and adjusted if required.

(ii) Subsequent costs

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income as expenses.

(iii) Depreciation

Depreciation is charged on a straight-line basis over the estimated useful lives of the assets, with the exception of land and capital work in progress, which are not depreciated. The residual values and useful lives are reviewed annually. The estimated useful lives are as follows:

Buildings	50 years
Plant and machinery and motor vehicles	3 - 20 years
Equipment, furniture and fittings	2 - 10 years

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of significant accounting policies (continued)

(n) Intangible assets

(i) Goodwill

Goodwill is recognised on acquisitions of subsidiaries or purchases of business assets and represents the excess of the acquisition cost over the fair value of the acquired net assets. Goodwill is allocated to cash-generating units, tested annually for impairment, or more frequently if events or circumstances indicate it may be impaired, and is carried at cost less accumulated impairment losses.

In determining the recoverable amount of goodwill, valuation models to calculate the present value of expected cash flows of the cash-generating units are used. The major inputs and assumptions used in the models that require Management judgement include: forecasts of sales volumes and revenues, future prices and costs, terminal values and discount rates.

(ii) Licences

Licences are capitalised on the basis of costs incurred to acquire and use the specific licences and are amortised on a straight line basis over their estimated useful lives of three to ten years.

(o) Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and are tested annually for impairment. Assets subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(p) Trade and other payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are recognised initially at fair value and are unsecured and subsequently measured at amortised cost using the effective interest method.

(q) Goods and Services Tax (GST)

These financial statements have been prepared so that all components are stated exclusive of GST except where the GST is not recoverable. Trade and other receivables and payables are stated GST inclusive. The net amount of GST recoverable from or payable to Inland Revenue is included within these categories.

(r) Borrowings

Borrowings are recognised initially at fair value and net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the net proceeds and redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective interest method. The movement in borrowings is shown net in the Statement of Cash Flows due to repayments and drawdowns of the borrowings being large and short in maturity. Borrowings are classified as current liabilities if settlement is within 12 months.

(s) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the term of the lease.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of significant accounting policies (continued)

(t) Employee benefits

(i) Short-term incentives

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term incentives

Employee Share Purchase Scheme

An opportunity is provided for employees to acquire Company shares when an offer is made. Directors are not eligible to participate in the scheme. The scheme is operated as a Trust, with the Trustees appointed by the Board. Eligibility is based on having completed one year of employment at the time of the offer. The shares are offered at a discount to market price approved by the Board. The fair value is recognised at grant date and expensed over the vesting period. An interest-free loan is available to employees to purchase Company shares when an offer is made.

Shares allocated to employees do not vest until a minimum of three years from grant date has elapsed and the loan from the employee has been repaid. All shares allocated to employees are held beneficially by the Trustees until they vest, while dividends received on these shares are paid directly to employees. The employees may withdraw from the scheme prior to the vesting date.

Share-based plan

The share-based plan is a long-term incentive plan that offers key Management personnel an opportunity to subscribe for rights to Company shares as directed by the Board. The Board appoints a Trustee to administer the plan. Vesting of the rights occurs upon achieving Board-approved targets, after a minimum of three years to a maximum of five years from grant date. Any rights not vested after the expiry of five years are cancelled. The cost associated with this plan is measured at fair value at grant date and is recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income over the vesting period, with a corresponding entry to the reserve in equity where equity is settled and a corresponding entry to liabilities where cash is settled. Shares purchased in this plan are recognised as treasury shares until they are distributed.

(u) Capital

Ordinary shares are classified as equity. Where any controlled entities purchase Company shares that have not been allocated, the consideration paid and directly attributable costs are deducted from equity and classified as treasury shares.

(v) Adoption status of relevant new financial reporting standards and interpretations

(i) No new standards and amendments to standards for the financial year beginning 1 July 2014 have been adopted in these financial statements.

(ii) Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods to which the Group has not early adopted. The standards relevant to the Group are as follows:

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

2. Summary of significant accounting policies (continued)

(v) Adoption status of relevant new financial reporting standards and interpretations (continued)

NZ IFRS 9, Financial Instruments (effective from 1 January 2018)
The standard specifies the classification and measurement criteria for financial assets and is designed to replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZIFRS 9 requires an entity to classify financial assets at either amortised cost or fair value on the basis of: the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. An additional presentational requirement has been added for liabilities designated at fair value through profit and loss. The revised standard incorporates new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosed. The full impact of the standard is yet to be assessed.

NZ IFRS 15, Revenue from Contracts with Customers (effective from 1 January 2017)
The standard specifies the accounting for an individual contract with a customer. NZ IFRS 15 requires an entity to report useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. An entity may apply this standard to a portfolio of contracts with similar characteristics if the entity reasonably expects that the effects on the financial statements of applying this Standard to the portfolio would not differ materially from applying this Standard to the individual contracts within that portfolio. The full impact of the standard is yet to be assessed.

3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are disclosed below.

Estimated impairment of intangible assets
Intangible assets with indefinite useful lives are not subject to amortisation. The Group tests annually for impairment (note 9) and when events or circumstances indicate the carrying value may not be recoverable, in accordance with the accounting policy stated in note 2(o).

Intangible assets subject to amortisation are tested for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable (note 9).

An impairment loss is recognised for the excess of the carrying value of an asset or cash-generating unit over its recoverable amount and is charged to the Statement of Profit or Loss and Other Comprehensive Income. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	Group 2015 $000	Group 2014 $000
4. Operating expenses		
Included in operating activities:		
Inventories expensed in cost of sales	**365,867**	328,264
Inventory written down	**112**	220
Bad debts	**555**	889
Depreciation and amortisation	**4,945**	6,104
Operating leases	**12,602**	10,871
Directors' fees	**378**	356
Employee benefits	**59,948**	52,700
Auditors' remuneration (fees paid to PwC)		
– annual audit & half year review	**239**	230
– financial and tax due-diligence on acquisitions	**5**	188
– tax compliance: annual tax return	**24**	23
Other Auditor services (fees paid to Deloitte who acted as Auditor for subsidiary in 2014)		
– Deloitte audit services subsidiary	**-**	32
– Deloitte - acquisition accounts subsidiary	**-**	23
– Deloitte other consultancy – share valuation	**9**	14
Donations	**18**	8
Foreign Exchange (gains) / losses	**(993)**	(1,406)

Inventory written down is shown in cost of sales and bad debts are shown in other operating expenses.

	Group 2015 $000	Group 2014 $000
5. Income and deferred tax		
Profit before tax	**29,826**	24,877
Non-assessable income	**(80)**	(546)
Non-deductible expenditure	**179**	573
	29,925	24,904
Tax at 28% (2014: 28%)	**8,379**	6,973
	8,379	6,973
Represented by:		
Current tax	**8,611**	7,270
Deferred tax	**(232)**	(297)
	8,379	6,973

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	Opening balance $000	Acquired in business combination $000	Recognised in income $000	Recognised in equity $000	Closing balance $000
5. Income and deferred tax (continued)					
Deferred tax					
Group 2015					
Property, plant and equipment	**(3,315)**	**-**	**(220)**	**-**	**(3,535)**
Employee benefits	**1,593**	**-**	**163**	**-**	**1,756**
Provisions	**1,049**	**-**	**289**	**-**	**1,338**
Cash flow hedging reserve	**70**	**-**	**-**	**(427)**	**(357)**
	(603)	**-**	**232**	**(427)**	**(798)**
Group 2014					
Property, plant and equipment	(3,632)	-	317	-	(3,315)
Employee benefits	1,466	88	39	-	1,593
Provisions	889	219	(59)	-	1,049
Cash flow hedging reserve	(131)	(26)	-	227	70
	(1,408)	281	297	227	(603)

	Group 2015 $000	Group 2014 $000
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax liabilities:		
Deferred tax liabilities recovery within 1 year	**460**	640
Deferred tax liabilities recovery after 1 year	**4,384**	4,537
	4,844	5,177
Deferred tax assets:		
Deferred tax asset recovery within 1 year	**(2,753)**	(2,974)
Deferred tax asset recovery after 1 year	**(1,293)**	(1,600)
	(4,046)	(4,574)
Deferred tax liabilities (net)	**798**	603

Imputation credits available at year end were $7.817 million (2014: $5.472 million).

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FOR THE YEAR ENDED 30 JUNE 2015

	Group 2015 $000	Group 2014 $000
6. Trade and other receivables		
Trade receivables	**84,843**	88,712
Provision for impairment	**(1,090)**	(1,521)
	83,753	87,191
Prepayments and sundry receivables	**2,994**	1,107
	86,747	88,298

No one customer accounts for more than 2% of trade receivables at balance date. Bad debts written off during the year amounted to $0.6 million (2014: $0.9 million). The carrying values of trade and other receivables are equivalent to their fair values.

(a) Past due but not impaired

At 30 June 2015 trade receivables of $20.7 million (2014: $18.9 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these trade receivables is as follows:

	2015 $000	2014 $000
Within 1 month	**12,173**	12,753
Within 1 to 3 months	**3,873**	4,006
Beyond 3 months	**4,639**	2,171
	20,685	18,930

(b) Provision for impairment

At 30 June 2015 trade receivables of $1.5 million (2014: $2.5 million) were considered to be impaired and the amount of the provision was $1.1 million (2014: $1.5 million). The impaired receivables were from a number of customers who were in unexpectedly difficult economic situations. It was assessed that a portion of the receivables are expected to be recovered.

Balance at the beginning of the year	**1,521**	1,759
Recognised during the year	**208**	782
Written off during the year as uncollectable	**(639)**	(1,020)
Balance at the end of the year	**1,090**	1,521

	Group 2015 $000	Group 2014 $000
7. Inventories		
Finished goods at cost	**114,386**	114,889
Provision for write-down	**(1,785)**	(1,887)
	112,601	113,002

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FOR THE YEAR ENDED 30 JUNE 2015

	Group			
	Land & buildings $000	Machinery & vehicles $000	Furniture, fittings & equipment $000	Total $000
8. Property, plant and equipment				
2015				
Opening cost	**30,858**	**72,857**	**19,980**	**123,695**
Opening accumulated depreciation	**(7,406)**	**(52,975)**	**(15,197)**	**(75,578)**
Opening net book value	**23,452**	**19,882**	**4,783**	**48,117**
Additions	**-**	**11,148**	**1,992**	**13,140**
Disposals	**-**	**(142)**	**(77)**	**(219)**
Depreciation	**(506)**	**(2,406)**	**(1,424)**	**(4,336)**
Closing net book value	**22,946**	**28,482**	**5,274**	**56,702**
Comprised of:				
Cost	**30,858**	**83,863**	**21,895**	**136,616**
Accumulated depreciation	**(7,912)**	**(55,381)**	**(16,621)**	**(79,914)**
	22,946	**28,482**	**5,274**	**56,702**
2014				
Opening cost	30,858	68,670	21,147	120,675
Opening accumulated depreciation	(6,900)	(50,968)	(16,310)	(74,178)
Opening net book value	23,958	17,702	4,837	46,497
Additions	-	4,084	1,047	5,131
Net additions through business combination	-	2,396	104	2,500
Disposals	-	(224)	(17)	(241)
Depreciation	(506)	(4,076)	(1,188)	(5,770)
Closing net book value	23,452	19,882	4,783	48,117
Comprised of:				
Cost	30,858	72,857	19,980	123,695
Accumulated depreciation	(7,406)	(52,975)	(15,197)	(75,578)
	23,452	19,882	4,783	48,117

Included within the Plant, property and equipment categories is work in progress totalling $7.8 million (2014: $3.6 million).

The Board has reviewed the estimated useful life for key items of plant and machinery. Plant and machinery will be depreciated over a period between 3 and 20 years (formerly 3 and 10 years). The impact of this change has reduced the depreciation charge for the year by $1.5 million.

Fair value assessments of Land & buildings owned by the Group were last undertaken during the period April through June 2015. The fair value of these Land & buildings was determined based on the market comparable approach that reflects transaction prices for similar properties adjusted for identifiable differences including land use, economic conditions, zoning and location, quality and condition.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

The valuations are prepared by independent and qualified registered valuers and are based on related estimates for rentals, rental yields and other market conditions. These are significant unobservable inputs, which included rental yields which ranged from 7.2% to 9.6%. The valuations are sensitive to changes in these unobservable inputs. An increase in the rental yields will decrease the fair value and vice versa, and an increase in the market rental per square metre will increase the fair value, and vice versa. The information provided to the valuers is reviewed by Management.

The market value of Land & buildings based on these valuations was in the range of between $60.0 and $60.6 million.

The levels of fair value hierarchy are described below. All land and buildings held by the Group are categorised as Level 3 of the fair value hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Group			
	Goodwill $000	Licences $000	Other $000	Total $000
9. Intangibles				
2015				
Opening cost	19,856	7,295	198	27,349
Opening accumulated amortisation	-	(3,784)	(43)	(3,827)
Opening net book value	19,856	3,511	155	23,522
Additions	-	1,567	1,724	3,291
Amortisation charge	-	(609)	-	(609)
Closing net book value	**19,856**	**4,469**	**1,879**	**26,204**
Comprised of:				
Cost	19,856	8,862	1,922	30,640
Accumulated amortisation	-	(4,393)	(43)	(4,436)
	19,856	**4,469**	**1,879**	**26,204**
2014				
Opening cost	19,856	4,919	198	24,973
Opening accumulated amortisation	-	(3,470)	(23)	(3,493)
Opening net book value	19,856	1,449	175	21,480
Additions	-	2,376	-	2,376
Amortisation charge	-	(314)	(20)	(334)
Closing net book value	19,856	3,511	155	23,522
Comprised of:				
Cost	19,856	7,295	198	27,349
Accumulated amortisation	-	(3,784)	(43)	(3,827)
	19,856	3,511	155	23,522

Licence amortisation charges are included in other operating costs.

Included within the Intangibles categories is work in progress totalling $4.4 million (2014: $2.1 million). $1.7 million (2014: $Nil) of this is included in the Other category and relates to a software implementation project.

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FOR THE YEAR ENDED 30 JUNE 2015

9. Intangibles (continued)

Impairment test on goodwill

Goodwill is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from the business combination. Goodwill is tested annually for impairment or when there are indications goodwill may be impaired.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow forecasts based on financial budgets prepared by Management and approved by the Board to 30 June 2018. The forecasts are based on past performance, adjusted for expectations of future events, including expectations of future market conditions. The cash flow forecasts to 30 June 2018 are extrapolated for a further two years based on year three forecasts. In arriving at the forecast cash flows, Management has made key assumptions about sales revenue growth and margin levels.

The estimated growth rate for the terminal value is 1.5% (2014: 1.5%). This rate does not exceed the average long-term growth rate for relevant markets. Margins have been consistently applied based on historical actuals. The pre-tax discount rates applied to the cash flow forecasts range from 12.2% to 13.8% (2014: 14.4% to 15.3%). The pre-tax discount rates derived are based on using a post-tax weighted average cost of capital appropriate for all CGU's of the Group of 8.8% (2014: 10.5%) through a capital asset pricing model, taking into account the current cost of debt and equity. The post-tax discount rate has been derived using externally sourced market data specific to the industry in which the Group operates. Assumptions for each CGU are deemed to be consistent.

Management does not expect that a reasonable change in key assumptions would reduce the recoverable amount of any CGU below its carrying amount.

Based on the calculations completed, there is no indication of impairment as at 30 June 2015.

	Group	
	2015 $000	2014 $000
Carrying value of goodwill:		
Hurricane Wire Products	**11,419**	11,419
Distribution	**4,897**	4,897
Roofing Products	**3,540**	3,540
	19,856	19,856

	Group	
	2015 $000	2014 $000
10. Trade and other payables		
Trade payables	**25,759**	33,820
Accrued expenses	**11,692**	8,933
Employee benefits	**4,878**	5,521
	42,329	48,274
Non-current trade and other payables	**341**	**795**
	42,670	**49,069**

The carrying amounts of the above items are equivalent to their fair values and trade payables denominated in a foreign currency are not significant in the current and previous years.

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FOR THE YEAR ENDED 30 JUNE 2015

	Group 2015 $000	2014 $000
11. Provisions		
Balance at the beginning of the year	**348**	262
Movement during the year	**2,416**	86
Balance at the end of the year	**2,764**	348
Current	**1,682**	348
Non Current	1,082	-

Provisions relate to:
- Estimates of customer claims for faulty or defective products supplied and contract disputes.
- Make-good obligations on existing tenanted properties. Actual payment dates and costs will be known once each lease reaches its expiry date.
- The Group has also recognised a provision as a result of an interim judgement issued on 18 December 2014 in relation to a $1.75m claim by Lewis Holdings Limited. The interim judgement found in favour of the plaintiff, however the amount of the award has not yet been determined. Uncertainty exists as to the total damages pending further evidence. The provision is management's best estimate but is substantially less than the full amount of the claim.

	Group 2015 $000	2014 $000
12. Bank borrowings		
On call	**-**	38,500
Term loans	**71,740**	26,000
	71,740	64,500
Current	**-**	64,500
Non-current	71,740	-

During the year the Group restructured its borrowings and increased committed bank borrowing facilities to $110 million. There has been no other material changes in the management of risk or in any risk management policies in the current period.

The effective interest rate on the call borrowings was Nil% (2014: 4.1%). Credit facilities arranged with the banks can be drawn at any time, subject to meeting the Group's General Security Agreement conditions over the assets of the Group. Interest rates on these facilities are variable. The carrying value of the current borrowings is equivalent to the fair value. There were no breaches during the year of these covenants.

The effective interest rate on the variable rate term loans was 4.38% (2014: 4.35%). As the effective interest rate on the borrowings approximates the market rates for the term to maturity, the carrying amount approximates the fair value. The Group has committed bank borrowing facilities at balance date of $110 million (2014: $90 million). These facilities have mixed revolving terms. Unless earlier extended, $55 million (2014: $Nil) has an expiry date of October 2016, $55 million (2014: $Nil) has an expiry date of June 2017, $Nil (2014: $30 million expiry September 2014), $Nil (2014: $30 million expiry January 2015) and $Nil (2014: $30 million expiry February 2015).

Notes to the Financial Statements

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	Group			
	2015 $000	2014 $000	2015 Shares	2014 Shares
13. Share capital				
Fully paid:				
Balance at the beginning of the year	**71,655**	71,593	**88,454,240**	88,444,240
Proceeds from partly paid shares	**61**	62	**10,000**	10,000
Balance at the end of the year	**71,716**	71,655	**88,464,240**	88,454,240
Partly paid:				
Balance at the beginning of the year	**1**	1	**75,000**	85,000
Transfer to fully paid shares	**-**	-	**(10,000)**	(10,000)
Balance at the end of the year	**1**	1	**65,000**	75,000
Total balance at the end of the year	**71,717**	71,656	**88,529,240**	88,529,240

The holders of ordinary shares are entitled to receive dividends declared from time to time and to one vote per share at meetings of the Company. Ordinary shares issued and partly paid to one cent in the Senior Executives' Share Scheme 1993 do not have dividend or voting entitlements until the shares are paid in full but qualify for bonus and cash issues. Ordinary shares do not have a par value.

	Group	
	2015 $000	2014 $000
14. Earnings per share (EPS)		
Profit after tax	**21,447**	17,904
Weighted average number of shares for basic EPS	**87,491**	87,585
Weighted average number of shares for diluted EPS	**87,560**	87,669
Basic earnings per share (cents)	**24.5**	20.4
Diluted earnings per share (cents)	**24.5**	20.4

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of fully paid shares less treasury shares. Diluted earnings per share includes partly paid shares (note 13).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	Group 2015 $000	Group 2014 $000
15. Dividends		
2015 interim: 9.0 cents per share (2014: 7.0 cents)	**7,962**	6,190
2014 final: 9.0 cents per share (2013: 8.5 cents)	**7,961**	7,519
Treasury shares	**(167)**	(113)
	15,756	13,596

Dividends paid are fully imputed and the Group is entitled to a tax credit for supplementary dividends paid to overseas shareholders of $0.16 million (2014: $0.05 million).

Declared post balance date and not recognised as a liability:

2015 final: 10.0 cents per share (2014: 9.0 cents).	**9,057**	7,961

	Group		Group	
	2015 $000	2014 $000	2015 Shares	2014 Shares
16. Treasury shares				
Balance at the beginning of the year	**2,672**	2,306	**875,770**	798,238
Purchases	**784**	718	**259,624**	234,690
Used in share schemes	**(356)**	(367)	**(139,441)**	(164,388)
Withdrawals	**-**	15	**-**	7,230
Balance at the end of the year	**3,100**	2,672	**995,953**	875,770

Treasury shares are unallocated Company shares held by the Trustees of share-based schemes and are recognised as a reduction in shareholders' funds of the Group. The Treasury shares purchased during the year had a weighted average price of $3.02 (2014: 2.98).

17. Operating segments

Operating segments of the Group as at 30 June 2015 have been determined based on separate financial information that is regularly reviewed by the CODM. The Group's operating segments comprise steel distribution and processing, roofing products, reinforcing and wire businesses and the newly acquired stainless business.

NZ IFRS 8 Operating Segments: permits the aggregation of operating segments into reportable segments. This has been adopted as the operating segments have similar economic characteristics, are also similar in the nature of products and services supplied, the nature of the production processes, the class of customers the products and services are sold to and in the distribution channels for these products and services. Based on this analysis, no additional disclosure is required in the annual financial statements as the Group has one reportable segment.

The Group primarily derives its revenue from the distribution, processing and fabrication of steel and allied products, with all revenue and assets accounted for in New Zealand. The Group has a diverse range of customers from various industries, with no single customer contributing more than 10% of the Group's revenue.

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18. Financial risk management

The Group's activities are exposed to a variety of financial risks: market risk, credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects by hedging exposures through derivative financial instruments.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates, will affect the Group's income or value of its holding in financial instruments. The objective of market risk is to manage risk within acceptable levels.

Interest-rate risk

The Group is exposed to interest rate risk through its term loans which are drawn down under the Group's bank debt facilities at fixed interest rates. The carrying value of this exposure is detailed in Note 12.

At balance date, if bank interest rates had been 100 basis points higher/lower with all other variables held constant, it would change post-tax profit/equity for the year by $0.5 million lower/higher (2014: $0.6 million)

In the prior year the Group held a $20 million interest rate swap with an interest rate of 4.3% and a termination date of September 2014. As at balance date there was no interest rate swap in place (2014: asset $0.004 million and notional value of $20 million).

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from overseas purchases of inventory and certain plant and machinery. In accordance with its treasury policy, all confirmed overseas purchase orders are to be fully hedged where payment is made in a foreign currency. The Group uses forward foreign exchange contracts to manage its exposure to foreign exchange risks, predominantly the US dollar, from its operational, financing and investment activities. Included in note 18(c) is the timing of the cash flows in respect of the foreign exchange contracts. The Group qualifies for hedge accounting and all gains and losses from its foreign exchange exposure are taken to equity.

	Group	
	2015 $000	2014 $000
Cash flow hedging reserve:		
Balance at the beginning of the year	**(370)**	457
(Loss)/gain taken to equity	**1,142**	(515)
Tax effect on hedging	**(319)**	145
Transfer to inventory	**566**	(635)
Transfer to tax	**(159)**	178
Balance at the end of the year	**860**	(370)

The fair value of the foreign currency forward exchange contracts $1.4 million (2014: $0.6 million) arranged with the banks to hedge the purchases of inventory from overseas suppliers are recognised in equity, as the Group qualifies for hedge accounting.

As at balance date foreign exchange contracts recorded as assets were $1.4 million (2014: $0.001 million) and as liabilities were $0.002 million (2014: $0.682 million). The notional value of foreign exchange contracts in place as at 30 June 2015 totalled $22.6 million (2014: $29.4 million).

Notes to the Financial Statements

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18. Financial risk management (continued)

(a) Market risk (continued)

Foreign exchange risk (continued)

If the NZ dollar had weakened/strengthened by 5% against foreign currencies (primarily USD) at balance date, there would be no impact on the Statement of Profit or Loss and Other Comprehensive Income, as the Group qualifies for hedge accounting and all hedges are 100% effective at balance date. The effect would be to equity +/- $1.2 million (2014: +/- $1.4 million) respectively.

(b) Credit risk

Credit risk exposure arises from cash and cash equivalents, trade debtors and transactions with financial institutions. The maximum exposure is the total value of these balances. Customers who wish to trade on credit terms are subject to credit verification procedures and credit limits are set for each customer. The Group's credit policy is monitored regularly. In some circumstances collateral of security over assets may be obtained from trade debtors to mitigate the risk of default. Security over assets is not required from transactions with financial institutions, owing to the quality of the institutions the Group deals with. There are no significant concentrations of credit risk in the current or prior years.

(c) Liquidity risk

Prudent liquidity risk management means maintaining availability of sufficient cash and funding via an adequate amount of committed credit facilities. Owing to the nature of the underlying business, the Group aims to maintain funding flexibility through committed credit lines. The Group manages liquidity risk by monitoring actual and forecast cash flows on a regular basis and rearranging credit facilities where appropriate.

The table below analyses the Group's financial liabilities and derivative financial instruments into maturity groupings based on the remaining period from balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	6 months or less $000	6 to 12 months $000	1 to 2 years $000	Total $000
Group 2015				
Borrowings	**-**	**-**	**76,453**	**76,453**
Trade and other payables	**38,173**	**-**	**-**	**38,173**
Cash flow hedging of derivatives:				
Outflow	**21,891**	**805**	**-**	**22,696**
Inflow	**(23,709)**	**(442)**	**-**	**(24,151)**
Group 2014				
Borrowings	64,500	-	-	64,500
Trade and other payables	43,182	-	-	43,182
Cash flow hedging of derivatives:				
Outflow	25,413	1,583	-	26,995
Inflow	(24,595)	(1,598)	-	(26,193)

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18. Financial risk management (continued)

(d) Financial instruments by category

	Loans and receivables	Derivatives for hedging	Liabilities at amortised cost
Group 2015			
Assets per balance sheet			
Cash and cash equivalents	**4,090**	**-**	**-**
Trade and other receivables excluding prepayments	**83,753**	**-**	**-**
Derivative financial instruments(1)	**-**	**1,457**	**-**
Liabilities per balance sheet			
Borrowings	**-**	**-**	**71,740**
Trade and other payables	**-**	**-**	**38,173**
Derivative financial instruments(1)	**-**	**2**	**-**
Group 2014			
Assets per balance sheet			
Cash and cash equivalents	5,795	-	-
Trade and other receivables excluding prepayments	87,213	-	-
Derivative financial instruments(1)	-	5	-
Liabilities per balance sheet			
Borrowings	-	-	64,500
Trade and other payables	-	-	44,955
Derivative financial instruments(1)	-	682	-

(1) Derivative financial instruments are measured at fair value based on inputs other than quoted prices (unadjusted) in active markets for identical assets or liabilities that are observable for the asset or liability, either directly (ie, as prices) or indirectly (ie, derived from prices, defined as Level 2 hierarchy in NZ IFRS 13).

(e) Capital risk management

The Group's capital includes share capital, treasury shares, reserves and retained earnings. The objectives for managing capital are to safeguard the Group's ability to continue as a going concern to provide returns and benefits for shareholders and other stakeholders and to maintain a strong capital base for investor, creditor and market confidence. The Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt to maintain or adjust its capital structure.

Monitoring of capital is on the basis of the gearing ratio. This ratio is calculated as net debt divided by the sum of total equity and net debt, where net debt is total borrowings less cash and cash equivalent assets. The policies in respect of capital management and allocation are reviewed regularly by the Directors. The gearing ratio for this year is 32% (2014: 30%) and is below the benchmark of 55% in the Group's General Security Agreement. The Group is not subject to any externally imposed capital requirements and there has been no material change in the management of capital during the year.

The Group has complied with these covenants during the year (2014: fully complied).

19. Share schemes

(a) Employee Share Purchase Scheme 1983

The Employee Share Purchase Scheme provides financial assistance, to a maximum of $2,340 per eligible employee in any three-year period, to enable staff to purchase Company shares in accordance with sections DC12 to 15 of the Income Tax Act 2007. Directors are not eligible to participate in this scheme. Shares allocated to employees at grant date do not vest until a minimum of three years has elapsed and the loan has been repaid. All shares allocated are held beneficially by the Trustees until they vest. Dividends received on these shares are paid directly to employees. The shares offered to employees are at a discount to market price approved by the Board. Employees may withdraw from the scheme at any time, with the repurchased shares recognised as treasury shares. No offer was made to employees in the current financial year. (2014: No offer was made in the prior financial year).

	Group	
	2015 Shares	2014 Shares
Balance at the beginning of the year	**47,990**	211,930
Sold	**(3,410)**	(17,170)
Vested in employees	**(44,580)**	(146,770)
Balance at the end of the year	**-**	47,990

(b) Executive Share Plan 2003

The Executive Share Plan offers key Management personnel an opportunity to subscribe for rights to Company shares, as directed by the Board. Vesting of the rights occurs upon achieving Board-approved targets, based on total shareholder returns, after a minimum of three years to a maximum of five years from grant date and vest as equity.

At July 2014 829,457 rights to shares were outstanding. During the year the following movements of rights to shares occurred in accordance with the rules of the share plan:

- 288,712 shares (2014: 234,690 shares) were granted, or purchased for the Executive Share Plan. Issue Date fair value $2.85, there is no average exercise price.
- 34,530 rights to shares (2014: 106,359 shares) were forfeited, there is no average exercise price.
- 136,031 rights to shares (2014: 147,218 shares) were exercised at an average exercise price of $3.02.

947,608 rights to shares were outstanding at the end of the year and have the following expiry date and issue date fair values:

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	Expiry date	Issue date fair value	Rights available 2015	Rights available 2014
1 July 2010 - Tranche 8	30/06/15	$2.16	-	18,658
1 July 2011 - Tranche 9	30/06/16	$2.58	**38,134**	174,165
1 July 2012 - Tranche 10	30/06/17	$2.17	**326,711**	332,894
1 July 2013 - Tranche 11	30/06/18	$3.10	**298,093**	303,740
1 July 2014 - Tranche 12	30/06/19	$2.85	**284,670**	-

The fair value of rights is determined using the Monte Carlo share price simulation model. The significant inputs in to the model for shares granted during the period were the market share price at grant date, an exercise price of zero (as shares are issued to the employees at nil consideration on vesting), volatility of 22.7%, expected option life of between 1 and 5 years and an annual risk free interest rate of 3.94%.

20. Commitments and Contingencies

(a) Lease commitments on non-cancellable leases

	Group	
	2015 $000	2014 $000
Within 1 year	**10,989**	11,263
Within 1 to 5 years	**23,209**	18,075
Beyond 5 years	**28,096**	3,614
	62,294	32,952

The Group occupies a number of warehouse and office premises under operating leases. The leases have varying terms and renewal rights. During the year $10.6 million (2014: $9.2 million) was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

The Group has an operating lease agreement for the majority of its vehicle fleet. The lease agreement has varying terms and renewal rights for each vehicle. During the year $2.0 million (2014: $1.6 million) was recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

(b) Capital commitments

The Group has contractual commitments of $3.2 million (2014: $9.7 million) for property extensions and purchase of plant and equipment.

(c) Contingent liabilities

Guarantees on contracts at balance date were $1.1 million (2014: $0.5 million) and were transacted in the ordinary course of business.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

21. Business Combination

No business combinations took place during the year ended 30 June 2015.

In the prior year on 14 April 2014 Steel & Tube Holdings Limited purchased 100% of the shares in Tata Steel International (Australasia) Limited for $28.1 million and thereby gained full control. Tata Steel International (Australasia) Limited was a leading supplier of stainless, engineering steel and floor decking products predominately trading in New Zealand.

As a result of the acquisition the Group increased its presence in stainless, engineering steel and floor decking products. It was assessed that Steel & Tube Holdings Limited purchased Tata Steel international (Australasia) Limited for less than the fair value of its net assets by $0.4m. The resulting gain was recognised in the profit or loss and other comprehensive income of Steel & Tube Holdings Limited on the date of acquisition.

The following table summarises the consideration paid for Tata Steel International (Australasia) Limited, the fair value of the assets acquired and the liabilities assumed.

	$000
Consideration at 14 April 2014	
Consideration paid and payable	28,056
Total consideration paid	**28,056**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,212
Trade and other receivables	13,887
Inventories	21,285
Property, plant and equipment	2,500
Trade and other payables	(10,380)
Total identifiable net assets	**28,504**
Gain on acquisition	448
Total	**28,056**

The gain on acquisition was recognised in other operating income in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014. Acquisition costs of $0.6m were charged to administration expenses in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014.

On 27 April 2014 Tata Steel International (Australasia) Limited changed its name to S&T Stainless Limited (Stainless Limited).

The revenue included in the Group Statement of Profit or Loss and Other Comprehensive Income from 14 April 2014 contributed by Stainless Limited was $12.9m. Stainless Limited also contributed profit after tax of $0.6m over the same period.

Had Stainless Limited been consolidated from 1 July 2013 the Group Statement of Profit or Loss and Other Comprehensive Income would have shown revenue of $489.2m and a profit after tax of $19.7m.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

22. Related parties

The Group has related party relationships with its controlled entities and with key management personnel.

(a) Loans with controlled entities

Controlled entities are wholly owned and incorporated in New Zealand with a balance date of 30 June (Stainless Limited had a 31 March balance date in the prior year). The loans provided to or from each entity are free of interest and repayable on demand. Loans provided to the share schemes are for the purchase of Company shares (note 19).

The subsidiaries in the Group are:

Subsidiaries	2015 Holding	2014 Holding	Principal Activity
Steel & Tube New Zealand Limited	**100%**	100%	Non-trading
S&T Stainless Limited	**100%**	100%	Stainless Distributor

Stainless Limited (previously called Tata Steel International (Australasia) Limited) was acquired on 14 April 2014, see note 21 for detailed disclosure.

Other entities

Trustees in the Steel and Tube Holdings Limited Staff Share Plan
Trustees of the Steel & Tube Group Employee Share Purchase Scheme

	Group 2015 $000	Group 2014 $000
(b) Transactions with Key Management Personnel		
Short-term benefits	**3,572**	3,356
Share-based benefits	**498**	427
	4,070	3,783

The Key Management Personnel are the Directors and Executive Management.
Included in short-term benefits are Directors' fees of $378,000 (2014: $356,141).

23. Subsequent event

On 13 August 2015 the Board declared a fully imputed dividend of 10.0 cents per share ($9.05 million) and a supplementary dividend to non-resident shareholders of 1.76 cents per share. The dividends will be paid to shareholders on 30 September 2015.

On 17 July 2015 S&T signed an unconditional contract for the acquisition of all of the assets and business undertakings of Manufacturing Supplies Ltd (MSL). This transaction was completed on 3 August 2015. The consideration paid was $32 million, $26m in cash and $6m in equity and remains subject to any adjustment under the sale and purchase agreement. The initial accounting for the business combination is incomplete at the time the financial statements have been signed as the fair value of the assets and liabilities acquired has not been finalised and is subject to any adjustments under the sale and purchase agreement. On 7 July 2015 S & T Number 1 Limited was incorporated and changed its name to S & T Fasteners Limited on 16 July 2015.

On 31 July 2015 S&T signed a variation to the bank borrowing facilities which has increased committed bank borrowing facilities to $153 million. $78.5 million has an expiry date of June 2018, and $74.5 million has an expiry date of August 2017.

Independent Auditors' Report

FOR THE YEAR ENDED 30 JUNE 2015

pwc

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TO THE SHAREHOLDERS OF STEEL & TUBE HOLDINGS LIMITED

Report on the Financial Statements

We have audited the Group financial statements of Steel & Tube Holdings Ltd ('the Company') on pages 2 to 28, which comprise the balance sheet as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for the Group. The Group comprises the Company and the entities it controlled at 30 June 2015 or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are independent of the Group. Our firm carries out other services for the Group in the areas of tax compliance and tax due diligence services. The provision of these other services has not impaired our independence.

Opinion

In our opinion, the financial statements on pages 2 to 28 present fairly, in all material respects, the financial position of the Group as at 30 June 2015, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Restriction on Use of our Report

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might sate those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
Wellington

13 August 2015

This document, in conjunction with the Steel & Tube Shareholder Review 2015, constitutes the 2015 Annual Report to shareholders of Steel & Tube Holdings Limited.

Directors' Profiles

Sir John Anderson KBE, FACA

Chairman and Independent Director

Appointed Chairman on 10 October 2012, Sir John Anderson was first appointed as a Director on 10 November 2011. Sir John has had a distinguished career in business, and has steered several top-tier commercial organisations in senior executive and governance capacities. Former Chief Executive of the ANZ National Bank, Sir John is currently Chair of National Property Trust, Deputy Chair of T&G Global, a Director of Commonwealth Bank of Australia and APN News & Media, and serves on several other boards.

Dave Taylor B.Sc

Chief Executive Officer and Non-independent Director

Appointed Chief Executive Officer and a Director on 5 October 2009, Mr Taylor was previously General Manager of the Australian Reinforcing Company, a subsidiary of OneSteel. In 22 years at the BOC Group he held a number of senior executive positions, initially in the UK and later as President BOC Gases Korea, based in Seoul, and Managing Director of Process Gas Solutions South Pacific, based in Sydney. Mr Taylor is also a Director of Steel & Tube's subsidiaries, and a Director of the Building Industry Federation.

Dean Pritchard BE, FIE Aust, CP Eng, FAICD

Independent Director

Appointed a Director on 20 May 2005, Mr Pritchard is a former Chief Executive Officer of Baulderstone Hornibrook, Chairman of ICS Global Limited and Director of Zinifex Limited,RailCorp, Eraring Energy, Spotless Group Limited and Arrium Limited. He is currently a Director of OZ Minerals Limited, and Transfield Services Limited.

Janine Smith MNZM, B.Com, M. Phil (1st Class Hons)

Independent Director

Appointed a Director on 22 September 2010, Ms Smith is a former Director of Warehouse Group, BNZ and Kensington Swan Legal; Deputy Chair of Kordia Group and Airways Corporation; Chair of McLarens Young NZ and Customfleet NZ and a Trustee of Venture Taranaki Trust. Her executive roles have included General Manager/Chief Executive Officer and Executive Director at Arnott's New Zealand, and Executive Director at Telecom Directories. Ms Smith is currently Chair of AsureQuality, a Principal of The Boardroom Practice and the only independent member of the Fonterra Governance Development advisory committee.

Anne Urlwin B.Com CA, FInstD, FNZIM, ACIS

Independent Director

Appointed a Director on 1 June 2013, Ms Urlwin is a professional director with experience in sectors ranging from infrastructure, construction, telecommunications, energy, health, transport, information technology, research, banking, forestry and the primary sector. She is currently Chair of Naylor Love Enterprises Ltd, and has directorships with Chorus Ltd, Southern Response Earthquake Services Ltd, Summerset Group Holdings Ltd and One Path Life (NZ) Ltd.

Rosemary Warnock BA, MAICD

Independent Director

Appointed a Director on 22 September 2010, Ms Warnock has held senior executive positions in the BP Group in Australia, the UK and Singapore, including as Chief Executive of Castrol Asia Pacific. Ms Warnock is currently Principal of the Adelante Group, a partnership that provides executive mentoring services, a Director of Arrium Ltd, and a member of the Foundation Committee for The Buttery.

Governance Statement

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

Directors establish the objectives and the policy and control framework through which the Group's activities are conducted, and monitor the performance of management with respect to these matters.

In practice, the Board manages its role through defined delegation to the Chief Executive Officer who is charged with the day-to-day leadership and management of the business.

The Group's corporate governance policies and processes are regularly reviewed. These policies and processes do not materially differ from the New Zealand Exchange listing rule on corporate governance and the Securities Commission governance principles and guidelines.

Structure and Activities

The Board currently comprises five non-executive Directors and one executive Director, the Chief Executive Officer. The Company considers that all of the five non-executive Directors are independent Directors.

The profiles of the Company's Directors are located in the section titled "Directors' Profiles" in this report.

The policies and guidelines for the operation of the Board are documented in the Company's Constitution and the Board operates in accordance with the broad principles set out in its charter.

This charter and the charters relating to each of the standing committees of the Board can be viewed on the Company's website: www.steelandtube.co.nz

Directors meet at least nine times a year at various locations to enable them to interact with management, staff, customers and suppliers. The Directors also meet as and when required on specific matters that arise. Presentations from senior executives to the Board are also scheduled for these meetings.

Shareholders approve the aggregate amount available for Directors' fees at the Annual Meetings. The remuneration of Directors and their shareholdings in the Company are located in the section titled "Statutory Information" in this report. The Board is subject to regular performance appraisals in which appropriate strategies and action plans for improvement are agreed.

Committees

There are four standing committees within the Board to assist Directors in the execution of their responsibilities and to allow detailed consideration of issues. They are: Audit and Risk, Governance and Remuneration, Nominations and Health, Safety and Environment. Each Committee is comprised of all of the non-executive Directors.

Audit and Risk Committee

The Audit and Risk Committee is chaired by independent Director Anne Urlwin and meets four times a year. Its main responsibilities are:

- the oversight of all matters relating to the financial accounting and reporting of the Company
- the establishment and oversight of the risk management and control framework, including the internal audit and control processes
- the appointment and monitoring of the performance and independence of the external and internal auditors.

Governance and Remuneration Committee

The Governance and Remuneration Committee is chaired by independent Director Dean Pritchard. Its main responsibilities are:

- to review the governance policies and processes that are adopted
- to review the remuneration of non-executive Directors
- to review the remuneration packages of the Chief Executive Officer and senior executives
- the provision of advice to the Board on incentive performance packages and succession planning.

This document, in conjunction with the Steel & Tube Shareholder Review 2015, constitutes the 2015 Annual Report to shareholders of Steel & Tube Holdings Limited.

Nominations Committee

The Nominations Committee is chaired by independent Director Janine Smith. Its main responsibilities are:

- the review of Board composition to ensure an appropriate mix of expertise and experience
- to monitor the performance of Directors
- to assist in the selection of suitable candidates where a vacancy exists.

Health, Safety and Environment Committee

The Health, Safety and Environment Committee is chaired by independent Director Rosemary Warnock. Its main responsibilities are:

- to review the adequacy of management systems and processes relating to compliance with statutory regulations, best practice codes and other significant issues with respect to health, safety and the environment
- The Committee visits various locations across the company to engage with all staff and experience first-hand the health and safety culture, behaviours and issues throughout the company.

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 operation to effectively manage legal compliance and other business risks and exposures.

The Board reviews these policies and procedures and, were appropriate, advice is sought from external sources.

The Group has various programmes in place to assist management and staff to achieve and maintain compliance.

Shareholder Relations

Shareholders are responsible for voting on the appointment and re-appointment of Directors. The Board aims to ensure that shareholders are properly informed of all major developments affecting the business activities of the Group.

Information communicated in interim and annual reports, announcements to the NZX and at annual meetings can be viewed on the Company's website: www.steelandtube.co.nz

Diversity

S&T established a Diversity Policy during 2014 which aims to ensure that the Company attracts and retains a diverse workforce and that there is a focus on diversity throughout the organisation.

The Board undertook its first Diversity Policy review in August 2015 and concluded that overall S&T is meeting its diversity principles and practices and over the past year has performed well against the policy intent. The Board is comfortable that S&T's commitment to gender diversity has been demonstrated over the past year through:

1. Equal gender representation within the Board
2. Women representing 19.7% of the total workforce, 49.4% of the total National Support Office staffing and 31.7% of the Tier 3 roles reporting to the Company's Leadership Team
3. 5 women employed as steel warehouse staff, which has traditionally been a 100% male domain within the industry
4. Confirmation no gender pay differentials exist relative to position, experience and performance. The S&T workforce as at 30 June 2015 is:

	Female	Male
Board of Directors	50.0%	50.0%
Leadership Team (Officers/Senior executives)	12.5%	87.5%
Wider Management Group (Tier 3)	31.7%	68.3%
National Support Office staff	49.4%	50.6%
Overall workforce	19.7%	80.3%

Statutory Information

Indemnification and Insurance of Directors and Officers

The Company's Constitution provides for the Company and any related company in the Group to indemnify every Director and Officer out of the assets of the Group to the maximum extent permitted at law. The Group has taken out Directors' and Officers' Liability Insurance Cover which ensures the individuals concerned will incur no monetary loss as a result of actions taken by them in good faith in performing their normal duties.

Interested transactions

Details of matters entered in the interests register by individual Directors are outlined in the Directors' Profiles and the accompanying sections below. A declaration by a Director of an interest in a particular entity serves as notice that the Director may benefit from any transactions between the Parent or Group and the identified entities.

Use of Company Information

No notices have been received from Directors requesting the use of Company information other than in their capacity as Directors.

Directors' Remuneration

Total remuneration and benefits received, or due and receivable, for the year ended 30 June 2015 were:

Directors	$000s
Sir J A Anderson	126
D W Taylor	1,339[1]
D A Pritchard	63
J L Smith	63
A J Urlwin	63
R Warnock	63

[1] Mr Taylor's remuneration package includes a $117,972 apportionment of a long-term incentive plan that would be payable provided certain performance hurdles are achieved over three-year periods.

Remuneration of Employees

Total remuneration and benefits received, or due and receivable, for the year ended 30 June 2015 were within the following bands:

Remuneration Range $000	No. of Employees
100 – 110	32
110 – 120	21
120 – 130	11
130 – 140	14
140 – 150	7
150 – 160	7
160 – 170	7
170 – 180	5
180 – 190	1
190 – 200	2
200 – 210	1
210 – 220	1
230 – 240	3
240 – 250	1
300 – 310	1
330 – 340	1
350 – 360	1
360 – 370	1
390 – 400	1

Directors' Shareholdings

	At 30 June 2015		At 30 June 2014	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
J A Anderson	15,000	-	15,000	47,990[1]
D W Taylor	212,302	-	130,982	47,990[1]
D A Pritchard	10,000	-	10,000	-
J L Smith	17,500	-	10,000	-
A J Urlwin	10,000	-	10,000	-
R Warnock	2,500	-	2,500	-

[1] Shares held as Trustees of the Employee Share Purchase Scheme 1983.

Shareholder Information

Census of Shareholders

AS AT 31 JULY 2015

Size of holdings	Number of holders	Number of shares	% of issued shares
1 – 999	1,671	694,659	0.78
1,000 – 4,999	3,878	9,105,991	10.29
5,000 – 9,999	1,392	8,904,095	10.06
10,000 – 49,999	1,285	21,627,547	24.43
50,000 +	114	48,196,948	54.44
	8,340	**88,529,240**	**100.00**

Top 20 Shareholders

AS AT 31 JULY 2015

National Nominees New Zealand Limited*	7,243,309	8.18
Accident Compensation Corporation*	5,948,690	6.72
Custodial Services Limited - a/c 3	4,977,359	5.62
New Zealand Superannuation Fund Nominees Limited*	2,907,390	3.28
FNZ Custodians Limited	2,461,440	2.78
Custodial Services Limited - a/c 2	2,017,114	2.28
Citibank Nominees (New Zealand) Limited*	1,876,849	2.12
Custodial Services Limited - a/c 4	1,613,279	1.82
Custodial Services Limited - a/c 18	1,233,686	1.39
Investment Custodial Services Limited*	1,202,879	1.36
Custodial Services Limited - a/c 1	988,485	1.12
Custodial Services Limited - a/c 16	730,584	0.83
ASB Nominees Limited - a/c 208747 ML	634,453	0.72
BNP Paribas Nominees (NZ) Limited (COGN40)*	559,387	0.63
BNP Paribas Nominees (NZ) Limited*	521,035	0.59
Forsyth Barr Custodians Limited - (1-33)	450,204	0.51
Forsyth Barr Custodians Limited - (1-17.5)	408,698	0.46
Kevin James Hickman, Joanna Hickman, John Anthony Callaghan,John William Dudley Ryder (Hickman family)	400,000	0.45
New Zealand Depository Nominee Limited	395,234	0.45
JP Morgan Chase Bank NA NZ Branch Segregated Clients*	362,564	0.41
	36,932,639	**41.72**

* Shares held in New Zealand Central Securities Depository (NZCSD).

Substantial security holder

The following information is given pursuant to section 35F of the Securities Markets Act 1988. According to notices given under the Securities Markets Act 1988, the following shareholders were substantial holders in the Company as at 31 July 2015. The number of ordinary shares and the percentage of voting securities set out below are taken from the relevant substantial security holder notices.

	Shares	%
Milford Asset Management Limited	7,493,413	8.47
Accident Compensation Corporation	5,974,708	6.75

Issued shares in the Company comprise:

Ordinary shares fully paid	88,464,240
Ordinary shares partly paid (no voting rights)^	65,000
	88,529,240

^ Shares issued in the Senior Executives Share Scheme 1993.

This document, in conjunction with the Steel & Tube Shareholder Review 2015, constitutes the 2015 Annual Report to shareholders of Steel & Tube Holdings Limited.

Comparative Review

	2015 $000	2014 $000	2013 $000	2012 $000	2011 $000
Financial Performance					
Sales	**501,795**	441,433	393,348	405,362	385,752
EBITDA	**38,267**	32,900	27,906	26,137	32,542
Depreciation and amortisation	**(4,945)**	(6,104)	(5,345)	(6,206)	(6,282)
EBIT	**33,322**	26,796	22,561	19,931	26,260
Net Interest expense	**(3,496)**	(1,919)	(1,369)	(1,671)	(1,412)
Profit before tax	**29,826**	24,877	21,192	18,260	24,848
Tax expense - operating income	**(8,379)**	(6,973)	(5,607)	(5,133)	(7,518)
Tax expense - tax legislation changes	**-**	-	-	-	(289)
Profit after tax	**21,447**	17,904	15,585	13,127	17,041
Funds Employed					
Equity	**167,009**	160,381	159,983	152,684	151,971
Non-current liabilities	**75,007**	2,345	2,257	2,685	2,634
	242,016	162,726	162,240	155,369	154,605
Comprises:					
Current assets	**204,895**	205,327	154,381	161,318	160,579
Current liabilities	**(45,785)**	(114,240)	(62,914)	(75,049)	(76,937)
Working capital	**159,110**	91,087	91,467	86,269	83,642
Non-current assets	**82,906**	71,639	67,977	69,100	70,963
	242,016	162,726	159,444	155,369	154,605

Statistics

	2015	2014	2013	2012	2011
Dividends per share (cents)	**19.0**	16.0	15.0	12.0	15.0
Earnings per share (cents)	**24.5**	20.4	17.8	14.9	19.4
Return on sales	**4.3%**	4.1%	4.0%	3.2%	4.4%
Return on equity	**12.8%**	11.2%	9.9%	8.6%	11.2%
Working capital (times)	**4.5**	1.8	2.5	2.1	2.1
Net tangible assets per share	**$1.59**	$1.55	$1.53	$1.49	$1.49
Equity to total assets	**58.0%**	57.9%	70.7%	66.3%	65.6%
Gearing (debt to debt plus equity)	**28.8%**	26.8%	13.0%	19.2%	20.0%
Net interest cover (times)	**9.5**	14.0	16.5	11.9	18.6
Ordinary shareholders	**8,299**	8,348	8,463	7,754	7,663
Employees	**781**	773	683	676	692
- Female	**154**	139	126	123	
- Male	**627**	634	557	553	
Directors & Officers					
- Female	**4**	4	4	3	
- Male	**9**	9	8	9	

EBITDA – Earnings before interest, tax, depreciation and amortisation.
EBIT – Earnings before interest and tax.

Directory

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Share Registry

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Website: www.computershare.co.nz

This document, in conjunction with the Steel & Tube Shareholder Review 2015, constitutes the 2015 Annual Report to shareholders of Steel & Tube Holdings Limited.

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