steel&tube

STRONGER IN EVERYWAY

Financial Report 2016


steel&tube

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 2016.

Group Results

For the year ended 30 June 2016, Steel & Tube reported a group net profit after tax of $25.8 million. This result compares to a profit of $21.4 million after tax last year, an increase of 20 per cent. Earnings per share for the year ended 30 June 2016 were 28.9 cents compared to 24.5 cents for last year. The earnings include a $6.4 million one-off gain on the sale of property.

As at 30 June 2016; total equity increased by $13.2 million to $180.2 million. Total assets increased by $42.6 million to $330.4 million.

The Group's debt-to-equity ratio of 34.7 per cent continues to be at a level which enables the Group to leverage against its assets if required. The Company is in a sound position.

Dividends

The Company has declared a fully imputed dividend of 13.5 cents per share payable on 30 September 2016 to holders of fully paid ordinary shares recorded on 16 September 2016. This brings the total dividends for the year to 22.5 cents per share. The final dividend payable is $12.22 million.

Executive Share Plan

A total of 493,441 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 256,232 shares within the Executive Share Plan were exercised, refer to Note E6 page 24 in the financial statements. The NZX granted a waiver to the Company under listing rule 7.6.4(b) (iii) to allow the CEO 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

In accordance with the Company's constitution, Sir John Anderson and Anne Urlwin will retire by rotation and will both make themselves available for re-election.

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.

Personnel

In a year where the Company reached revenue over $500 million, the Board extends its sincere thanks to all Steel & Tube staff for their ongoing support and commitment, and welcomes those who have recently joined in the latest acquisitions. Their efforts have helped create strong foundations for Steel & Tube which will stand us in excellent stead as we go forward.

J. A. Anderson

Sir John Anderson
Chairman
11 August 2016

Dave Taylor
Chief Executive Officer

This document, in conjunction with the Steel & Tube Shareholder Review 2016, constitutes the 2016 Annual Report to shareholders of Steel & Tube Holdings Limited.

Financial Statements 2016

Introducing a New Structure

Steel & Tube are pleased to present a new structure for our financial statements. The new structure has been designed to improve the clarity and usefulness of this report, with an emphasis on what has relevance to the users.

The report has been structured under the following key categories:

Financial Statements

Performance

Working Capital

Fixed Capital

Funding

Other

Significant matters in the financial year:

The Group sold the property at Bowden Rd in December 2015. The property was sold for $8.3m and realised an after tax profit of $6.4m. The gain on sale has been recorded in other gains in profit or loss.

On 3 August 2015 the Group through its subsidiary Manufacturing Suppliers Limited (MSL) acquired all of the assets and business undertakings of HPI Avondale Limited (formerly known as Manufacturing Suppliers Limited) for a consideration of $25.9m in cash and $6.0m in shares issued. MSL is one of the largest fastenings companies in New Zealand.

On 15 September 2015 the Group through its subsidiary S&T Plastics Limited acquired the assets and business of the Aquaduct and Bosch Irrigation businesses for a consideration of $8.0m. Aquaduct specialises in large bore long length polyethylene pipe and on-farm irrigation.

Significant accounting policies which are relevant to the understanding of the financial statements are provided throughout the report in boxes outlined in red.

KEY POLICY

Critical accounting estimates and judgements

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.

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. Actual results may differ from these estimates.

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 highlighted throughout the report in boxes shaded in red.

KEY JUDGEMENT

General information

Steel & Tube Holdings Limited (the Company) 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, plastic and allied products.

The registered office of the Company is Level 7, 25 Victoria Street, Petone, Lower Hutt 5012, New Zealand.

These financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), for which Steel & Tube is a for-profit entity
- to comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and with International Financial Reporting Standards (IFRS)
- in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules
- in New Zealand dollars (which is the Company's and subsidiaries' functional currency and the Group's presentation currency) and rounded to the nearest thousand
- under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies.

This document, in conjunction with the Steel & Tube Shareholder Review 2016, constitutes the 2016 Annual Report to shareholders of Steel & Tube Holdings Limited.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

		Group	
		2016	2015
	Notes	**$000**	$000
Sales revenue		**515,947**	501,795
Other operating income		**167**	555
Cost of sales	A4	**(392,444)**	(388,602)
Selling expenses	A4	**(43,375)**	(36,027)
Administration expenses	A4	**(23,931)**	(21,592)
Other operating expenses	A4	**(25,825)**	(22,807)
Operating earnings before other gains and financing costs		**30,539**	33,322
Other gains		**6,267**	-
Interest income		**83**	72
Interest expense		**(3,721)**	(3,568)
Profit before tax		**33,168**	29,826
Tax expense	A3	**(7,342)**	(8,379)
Profit for the year attributable to owners of the Company		**25,826**	21,447
Items that may be reclassified to profit or loss			
Other comprehensive income - hedging reserve		**(1,294)**	1,230
Total comprehensive income attributable to owners of the Company		**24,532**	22,677
Basic earnings per share (cents)	A2	**28.9**	24.5
Diluted earnings per share (cents)	A2	**28.9**	24.5

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2016

	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 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	A2	-	(15,756)	-	-	-	(15,756)
Proceeds from partly paid shares	D2	61	-	-	-	-	61
Options vested during the year		-	-	-	-	74	74
Purchase of own shares - net of transaction costs	D2	-	-	-	(428)	-	(428)
Balance at 30 June 2015		71,717	96,858	863	(3,100)	671	167,009
Balance at 1 July 2015		**71,717**	**96,858**	**863**	**(3,100)**	**671**	**167,009**
Comprehensive income							
Profit after tax		**-**	**25,826**	**-**	**-**	**-**	**25,826**
Other comprehensive loss - hedging reserve		**-**	**-**	**(1,294)**	**-**	**-**	**(1,294)**
Total comprehensive income		**-**	**25,826**	**(1,294)**	**-**	**-**	**24,532**
Transactions with owners							
Dividends paid	A2	**-**	**(17,027)**	**-**	**-**	**-**	**(17,027)**
Proceeds from partly paid shares	D2	**39**	**-**	**-**	**-**	**-**	**39**
Options vested during the year		**-**	**-**	**-**	**-**	**92**	**92**
Purchase of own shares - net of transaction costs	D2	**-**	**-**	**-**	**(400)**	**-**	**(400)**
Issue of ordinary shares related to business combination		**6,000**	**-**	**-**	**-**	**-**	**6,000**
Balance at 30 June 2016		**77,756**	**105,657**	**(431)**	**(3,500)**	**763**	**180,245**

This document, in conjunction with the Steel & Tube Shareholder Review 2016, constitutes the 2016 Annual Report to shareholders of Steel & Tube Holdings Limited.

Balance Sheet

AS AT 30 JUNE 2016

		Group	
	Notes	**2016 $000**	2015 $000
Current assets			
Cash and cash equivalents		**2,287**	4,090
Trade and other receivables	B2	**89,842**	86,747
Inventories	B1	**129,377**	112,601
Derivative financial instruments	E7	**33**	1,457
		221,539	204,895
Non-current assets			
Property, plant and equipment	C1	**61,557**	56,702
Intangibles	C2	**47,344**	26,204
		108,901	82,906
Total assets		**330,440**	287,801
Current liabilities			
Trade and other payables	B3	**45,133**	42,329
Provisions	E3	**3,104**	1,682
Derivative financial instruments	E7	**854**	2
Income tax payable		**808**	1,772
		49,899	45,785
Non-current liabilities			
Trade and other payables	B3	**1,229**	1,387
Borrowings	D1	**97,900**	71,740
Deferred tax	A3	**160**	798
Provisions	E3	**1,007**	1,082
		100,296	75,007
Equity			
Share capital	D2	**77,756**	71,717
Retained earnings		**105,657**	96,858
Other reserves		**(3,168)**	(1,566)
		180,245	167,009
Total equity and liabilities		**330,440**	287,801

These financial statements and the accompanying notes were authorised by the Board on 11 August 2016.

For the Board

Sir John Anderson
Chairman

Dave Taylor
Chief Executive Officer

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Group 2016 $000	2015 $000
Cash flows from operating activities			
Customer receipts		**516,281**	503,528
Interest receipts		**83**	72
Payments to suppliers and employees		**(478,623)**	(467,511)
Income tax payments		**(8,944)**	(8,621)
Interest payments		**(3,721)**	(3,568)
Net cash inflow from operating activities		**25,076**	23,900
Cash flows from investing activities			
Property, plant and equipment disposal proceeds		**8,292**	390
Payment for new business purchase (net of cash acquired)	C4	**(33,913)**	(681)
Property, plant and equipment and intangible asset purchases		**(10,030)**	(16,431)
Net cash outflow from investing activities		**(35,651)**	(16,722)
Cash flows from financing activities			
Share capital	D2	**39**	61
Treasury shares	D2	**(400)**	(428)
Borrowings		**26,160**	45,740
Dividends paid	A2	**(17,027)**	(15,756)
Net cash inflow from financing activities		**8,772**	29,617
Net (decrease)/increase in cash and cash equivalents		**(1,803)**	36,795
Cash and cash equivalents at the beginning of the year		**4,090**	(32,705)
Cash and cash equivalents at the end of the year		**2,287**	4,090
Represented by:			
Cash and cash equivalents		**2,287**	4,090
		2,287	4,090
Reconciliation of profit after tax to cash flows from operating activities			
Profit after tax		**25,826**	21,447
Non-cash adjustments:			
Depreciation and amortisation		**6,354**	4,945
Deferred tax		**(238)**	(232)
Gain on items classified as investing activities:			
Gain on acquisition of new business		**(231)**	-
(Gain)/Loss on property, plant and equipment disposals		**(6,106)**	(171)
		25,605	25,989
Movements in working capital:			
Income tax		**(964)**	(437)
Inventories		**(2,995)**	401
Trade and other receivables		**359**	1,551
Trade and other payables		**3,071**	(3,604)
Net cash inflow from operating activities		**25,076**	23,900

This document, in conjunction with the Steel & Tube Shareholder Review 2016, constitutes the 2016 Annual Report to shareholders of Steel & Tube Holdings Limited.

Section A - Performance

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

This section focuses on the Group's financial performance and returns provided to shareholders.

A1: Business Combinations

The year's performance has been boosted by the contribution from new acquisitions. Revenue of $30.1m and after tax profit of $3.6m was contributed by MSL from 3 August 2015. Acquisition related costs of $0.39m have been charged to administration expenses in profit or loss for the period ended 30 June 2016. The results of S&T Plastics have been immaterial to the Group results.

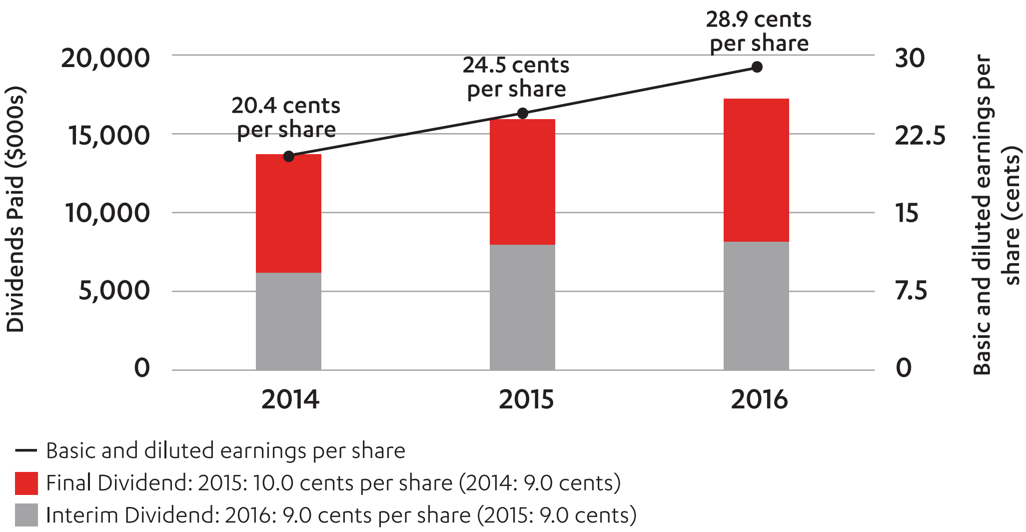
If the acquisitions had occurred at the beginning of the reporting period the Consolidated Statement of Profit or Loss and Other Comprehensive Income would show revenue of $518.7m and after tax profit of $26.2m.

A gain on acquisition of $0.2m for S&T Plastics has been recognised in other operating income in profit or loss (refer Note C4 page 18).

A2: Dividends and Earnings per Share

On 11 August 2016 the Board declared a fully imputed dividend of 13.5 cents per share (2015: 10.0 cents) or $12.22m (2015: $9.06m) and a supplementary dividend to non-resident shareholders of 2.38 cents per share. The dividends will be paid to shareholders on 30 September 2016.

Dividends Paid and Earnings per Share



Dividends paid are fully imputed. The Group is entitled to a tax credit for supplementary dividends paid to overseas shareholders of $0.17m (2015: $0.16m).

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 (refer Note D2 page 20).

Earnings per share (EPS)

	2016 $000	2015 $000
Profit after tax	**25,826**	21,447
Weighted average number of shares for basic EPS	**89,289**	87,491
Weighted average number of shares for diluted EPS	**89,348**	87,560
Basic earnings per share (cents)	**28.9**	24.5
Diluted earnings per share (cents)	**28.9**	24.5

A3: Income and Deferred Tax

Income tax comprises both current and deferred tax.

All entities in the Group are part of the same income tax group.

KEY POLICY

Current tax is the expected tax payable on the taxable income for the period, using enacted tax rates, and any adjustment required to tax payable in respect of prior periods.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are only recognised to the extent that it is probable future taxable profits will offset temporary differences. Tax rates used are those that have been enacted or substantially enacted at balance date and which are expected to apply when the deferred tax reverses.

Deferred tax is not provided 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 or taxable profit and**
- **investment 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.**

Income and deferred tax

	2016 $000	2015 $000
Profit before tax	**33,168**	29,826
Non-assessable income	**(7,100)**	(80)
Non-deductible expenditure	**153**	179
	26,221	29,925
Tax at 28%	7,342	8,379
Represented by:		
Current tax	7,580	8,611
Deferred tax	(238)	(232)
	7,342	8,379

Deferred tax

	Opening balance $000	Acquired in business combination $000	Recognised in income $000	Recognised in equity $000	Closing balance $000
Group 2016					
Property, plant and equipment	**(3,535)**	**-**	**50**	**-**	**(3,485)**
Employee benefits	**1,756**	**-**	**(452)**	**-**	**1,304**
Provisions	**1,338**	**-**	**640**	**-**	**1,978**
Cash flow hedging reserve	**(357)**	**-**	**-**	**540**	**183**
Customer relationship	**-**	**(140)**	**-**	**-**	**(140)**
	(798)	**(140)**	**238**	**540**	**(160)**
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)**

	2016 $000	2015 $000
The analysis of deferred tax assets and deferred tax liabilities is as follows:		
Deferred tax liabilities	**4,484**	4,844
Deferred tax assets	**(4,324)**	(4,046)
Deferred tax liabilities (net)	**160**	798
Deferred tax liability (net) recovery within 1 year	**(3,158)**	(2,293)
Deferred tax liability (net) recovery after 1 year	**3,318**	3,091

Imputation credits available at year end were $8.7m (2015: $7.8m).

A4: Operating Expenses

Included in operating activities:	2016 $000	2015 $000
Inventories expensed in cost of sales	**373,829**	365,867
Inventory written down/(reversal of write down)	**(381)**	112
Bad debts	**381**	555
Depreciation and amortisation	**6,354**	4,945
Operating leases	**14,871**	12,602
Directors' fees	**338**	378
Employee benefits	**66,051**	59,948
Donations	**27**	36
Foreign exchange gains	**(1,209)**	(993)

As inventory is sold the goods are expensed as cost of sales. Inventory written down is shown in cost of sales and bad debts are shown in other operating expenses.

Depreciation is shown in cost of sales or in other operating expenses.

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 profit or loss on a straight-line basis over the term of the lease.

Section B - Working Capital

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

This section contains details fundamental to providing an understanding of the working capital of the Group. This includes the short term operating assets and liabilities required to service the Group's Distribution branches and Processing sites.

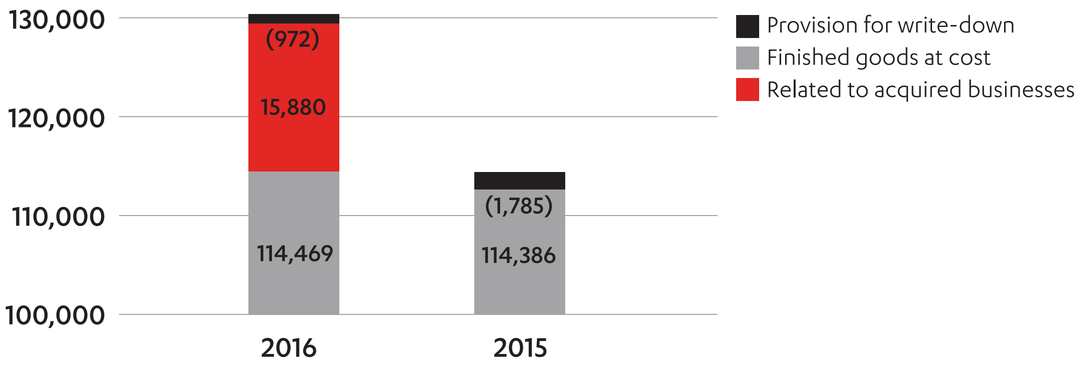
B1: Inventories

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. Costs 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 manufactured/fabricated finished inventories includes a share of overheads based on normal operating capacity.

KEY POLICY

The Group holds inventories valued at $129.4m.

Inventories ($000s)



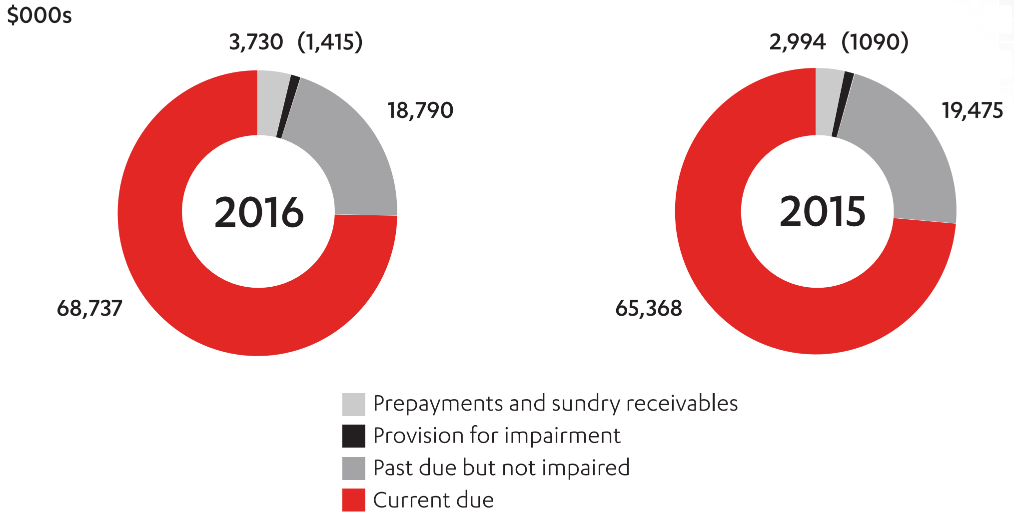
The Group is exposed to foreign exchange risk arising mainly from overseas purchases of inventory. In accordance with its treasury policy, all confirmed overseas purchase orders are fully hedged using forward foreign exchange contracts where payment is made in a foreign currency. The Group qualifies for hedge accounting. The effective portion of the changes in fair value is recognised in other comprehensive income and accumulated in reserves in equity as described in section E9 page 26. During the period $1.1m was removed from the cash flow hedging reserve in equity and included in the carrying amount of inventory.

As at balance date foreign exchange contracts recorded as assets were $0.03m (2015: $1.4m) and as liabilities were $0.9m (2015: $0.002m). The notional value of foreign exchange contracts in place as at 30 June 2016 totalled $28.7m (2015: $22.7m). The fair value of the foreign currency forward exchange contracts is as shown on the Balance Sheet, refer to section E7 page 27 for fair value hierarchy determination.

If the NZ dollar had weakened/strengthened by 5% against foreign currencies (primarily US dollar) at balance date, there would be no impact on profit or loss, as the Group qualifies for hedge accounting and all hedges are 100% effective at balance date. The effect would be to equity + $1.4m if NZ dollar strengthened by 5% and - $1.3m if the NZ dollar weakened by 5% (2015: +/- $1.2m respectively).

B2: Trade and Other Receivables

Trade receivables at 30 June 2016 are $89.8m and are recognised initially at fair value and subsequently at amortised cost less the provision for impairment. The carrying value of trade and other receivables are equivalent to their fair value.

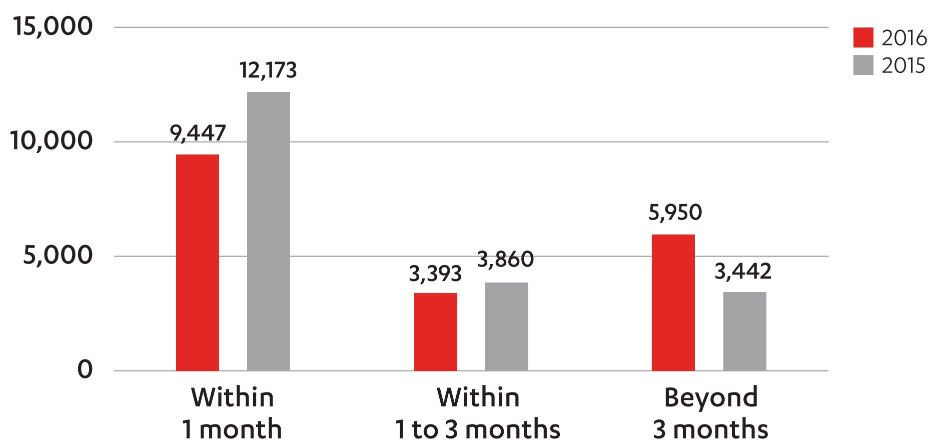


No one customer accounts for more than 2% of trade receivables at 30 June 2016 and 30 June 2015.

At 30 June 2016 trade receivables of $18.8m (2015: $19.5m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The aging profile of these customers is shown below.

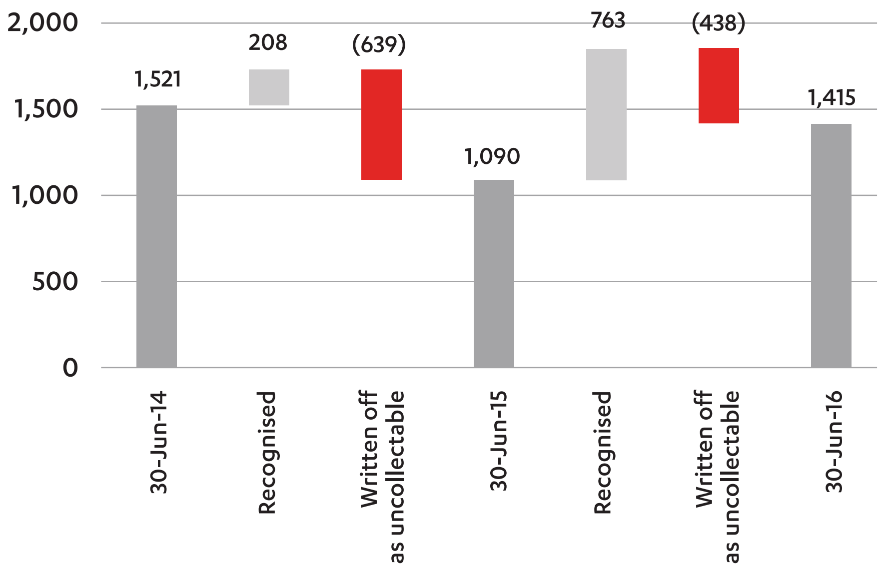
Past due but not impaired ($000s)



Provision for impairment

At 30 June 2016 trade receivables of $2.1m (2015: $1.5m) were considered to be impaired. 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. The provision is established when there is objective evidence to indicate that the customers will not be able to pay their debts when due, these include significant financial difficulties of customers, the probability of entering receivership or bankruptcy.

Provision for impairment ($000s)

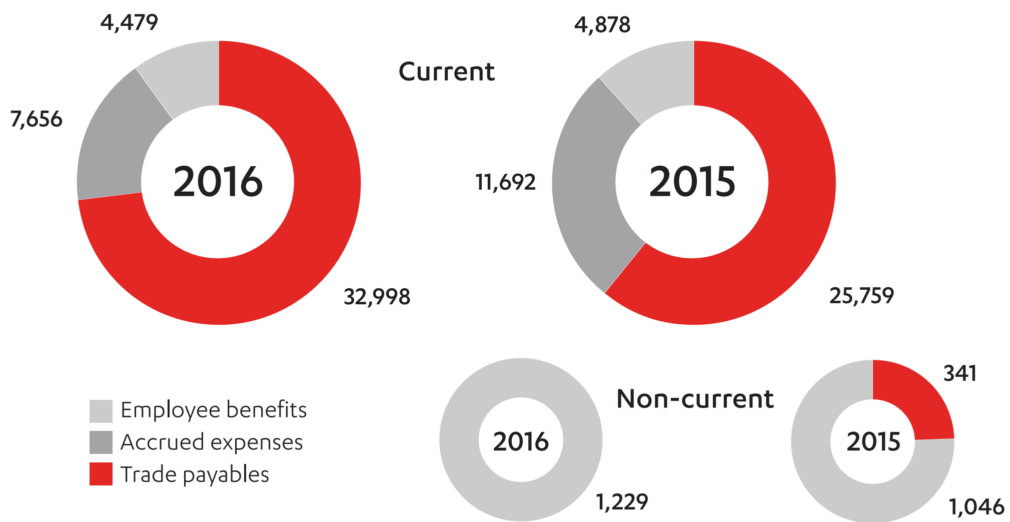


The Group is exposed to the risk of customers being unable to pay their debts as they fall due. The maximum exposure is the total value of these balances. Customers who wish to trade on credit terms are subject to credit verification procedures and credit limits are set for each customer. The Group's 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. There are no significant concentrations of credit risk in the current or prior years. Due to their short maturities the carrying value of trade and other receivables is considered to approximate their fair values.

B3: Trade and Other Payables

Trade and other payables comprise $45.1m payable within a year and $1.2m due in greater than 12 months.

Trade and other payables ($000s)



The carrying amounts of the above items are equivalent to their fair values.
Trade payables denominated in a foreign currency are not significant in the current or comparative year.

Section C - Fixed Capital

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

This section includes details of the Group's longer term assets as well as other items related to the Group's investment in its future.

Land and buildings are recognised in the balance sheet at historic cost less accumulated depreciation. To provide additional information to shareholders the Group undertook a fair value assessment of land and buildings owned by the Group during the period April through June 2015. The fair value of these land and 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. They would be categorised as Level 3 of the fair value hierarchy as unobservable inputs (as described in NZ IFRS 13) have been used to measure fair value. The valuations were 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 include rental yields which ranged from 7.2% to 9.6%. The market value of land and buildings based on these valuations was in the range of between $52.9 and $53.2m (2015: $60.0 and $60.6m).

C1: Property, Plant and Equipment

KEY POLICY

Property, plant and equipment are stated at cost less accumulated depreciation, except for land and capital work in progress which is stated at cost less impairment. Assets are tested annually for indicators of impairment. If indicators exist an impairment test is performed and impairment recognised if appropriate.

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
Furniture, fittings and equipment	2 - 10 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Group's policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

	Land & buildings $000	Plant, machinery & vehicles $000	Furniture, fittings & equipment $000	Total $000
Group 2016				
Opening cost	**30,858**	**83,863**	**21,895**	**136,616**
Opening accumulated depreciation	**(7,912)**	**(55,381)**	**(16,621)**	**(79,914)**
Opening net book value	**22,946**	**28,482**	**5,274**	**56,702**
Net additions through business combinations	**-**	**7,531**	**621**	**8,152**
Additions	**-**	**3,512**	**925**	**4,437**
Disposals	**(1,961)**	**(352)**	**(14)**	**(2,327)**
Depreciation	**(542)**	**(2,980)**	**(1,885)**	**(5,407)**
Closing net book value	**20,443**	**36,193**	**4,921**	**61,557**
Comprised of:				
Cost	**28,897**	**94,554**	**23,427**	**146,878**
Accumulated depreciation	**(8,454)**	**(58,361)**	**(18,506)**	**(85,321)**
Fair Value Approx. $52.9m – $53.2m	**20,443**	**36,193**	**4,921**	**61,557**
Group 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)
Fair Value Approx. $60.0m – $60.6m	22,946	28,482	5,274	56,702

Included within the plant, property and equipment categories is work in progress totalling $0.7m (2015: $7.8m).

C2: Intangibles

	Goodwill $000	Licences $000	Other $000	Total $000
Group 2016				
Opening cost	19,856	8,862	1,922	30,640
Opening accumulated amortisation	-	(4,393)	(43)	(4,436)
Opening net book value	19,856	4,469	1,879	26,204
Net additions through business combinations	15,602	180	712	16,494
Additions	-	933	4,660	5,593
Amortisation charge	-	(881)	(66)	(947)
Closing net book value	35,458	4,701	7,185	47,344
Comprised of:				
Cost	35,458	9,975	7,294	52,727
Accumulated amortisation	-	(5,274)	(109)	(5,383)
	35,458	4,701	7,185	47,344
Group 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

Included within the intangibles categories is work in progress totalling $9.6m (2015: $4.4m). Other intangibles comprises $6.3m (2015: $1.7m) related to a software implementation project (internally generated) and customer relationships.

KEY POLICY

Goodwill is recognised on a business combination 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.

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 10 years. Licence amortisation charges are included in other operating costs.

Key judgement - Impairment test on goodwill:

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations. The forecasts are based on past performance, adjusted for expectations of future events, including expectations of future market conditions. The cash flow forecasts are based on a three year forecast business plan as approved by the Board and a further two years based on the last year of the approved business plan with no additional growth. In arriving at the forecast cash flows Management has made key assumptions about sales revenue growth (Compound Annual Growth Rate of 2.48%) and margin levels.

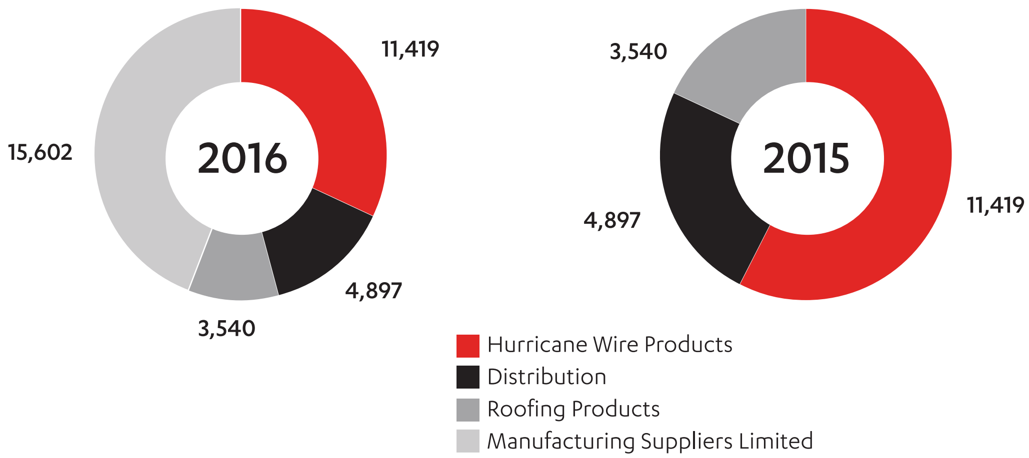
The estimated growth rate for the terminal value is 1.5% (2015: 1.5%). This rate does not exceed the average long-term growth rate for relevant markets. Margins have been consistently applied based on historical actuals. The pre-tax discount rate applied to the cash flow forecasts range from 9.5% to 10.1% (2015: 12.2% to 13.8%). 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 7.1% (2015: 8.8%) through a capital asset pricing model, taking into account the current cost of debt and equity. The post-tax discount tax 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 used for the purposes of impairment testing would reduce the recoverable amount of any CGU below its carrying amount.

KEY JUDGEMENT

Based on the calculations completed, there is no indication of impairment as at 30 June 2016.

Carrying Value of Goodwill ($000s)



Intangible assets with indefinite useful lives and intangibles not yet available for use are not subject to amortisation. This applies to both goodwill and software under development.

The Group tests annually for impairment of these intangibles, or when events or circumstances indicate the carrying value may not be recoverable.

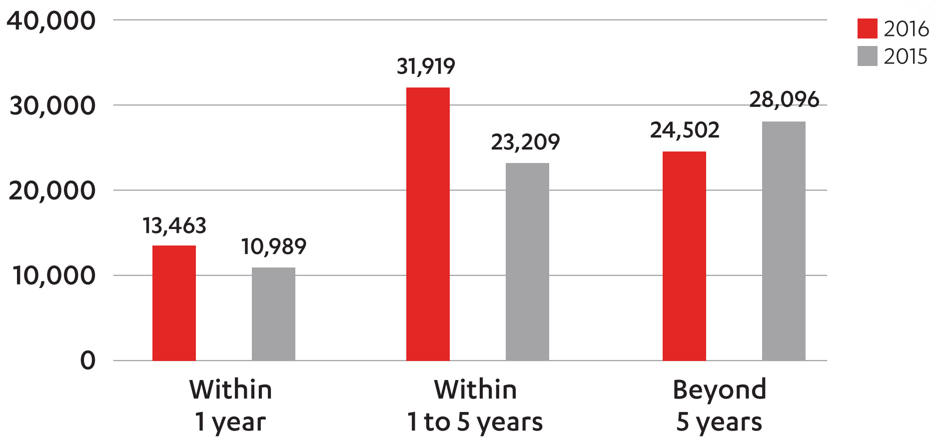
An impairment loss is recognised for the excess of the carrying value of an asset or cash-generating unit over its recoverable amount and is charged to profit or loss.

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.

KEY POLICY

C3: Commitments

Lease commitments on non-cancellable leases ($000s)



The Group occupies a number of warehouse and office premises under operating leases. The leases have varying terms and renewal rights.

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.

Capital commitments

The Group has contractual commitments of $1.4m (2015: $3.2m) for property extensions and purchase of plant and equipment.

C4: Business Combinations

The following table summarises the consideration transferred for MSL and the fair value of the assets acquired and the liabilities assumed.

	$000
Consideration transferred at 3 August 2015	
Cash paid	25,947
Shares issued at fair value	6,000
Total fair value of consideration transferred	**31,947**
Recognised fair value amounts of identifiable assets acquired and liabilities assumed at acquisition date	
Trade and other receivables	3,347
Inventories	12,600
Property, plant and equipment and software	1,370
Customer relationships	537
Deferred tax	(140)
Trade and other payables	(1,369)
Total identifiable net assets	**16,345**
Goodwill on acquisition	15,602
Total	**31,947**

The excess of consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of net identifiable assets acquired the difference is recorded in profit or loss.

The goodwill recognised as a result of the acquisition of MSL is attributable mainly to the synergies gained from MSL's knowledge of the market, systems and processes to hold and distribute inventory. None of the goodwill recognised is expected to be deductible for tax purposes.

Goodwill is allocated at acquisition to the cash-generating units (CGUs) that are expected to benefit from the business combination. Key assumptions and procedures for testing for impairment will be consistent with the remainder of the Group's goodwill.

Key judgement - Identification and value of identifiable assets and liabilities:

The Group has identified the assets acquired and liabilities assumed at acquisition date, and measured these at their acquisition date fair values.

Management has applied judgement in relation to both identifying and valuing these assets and liabilities; specifically in respect to the identification and measurement of customer relationships. Customer relationships were identified by reviewing the monthly historic sales to identify the portion of customers that had a history of regular purchases and those that MSL maintained regular contact with. To measure the fair value of the customer relationships forecast cash flows, based on historic purchasing levels and an allocation of expenses, including a capital charge, were modelled for a 10 year forecast period. A level of customer attrition (based on historic data) over this forecast period was assumed. The resulting cash flows were discounted at the Group's current cost of capital.

KEY JUDGEMENT

The following table summarises the consideration paid for Aquaduct and Bosch Irrigation, and the fair value of the assets acquired and the liabilities assumed.

	$000
Consideration transferred at 15 September 2015	
Cash paid	7,966
Total fair value of consideration transferred	7,966
Recognised fair value amounts of identifiable assets acquired and liabilities assumed at acquisition date	
Inventories	1,181
Property, plant and equipment	7,138
Trade and other payables	(122)
Total identifiable net assets	8,197
Gain on acquisition	(231)
Total	7,966

There have been no contingent liabilities recognised as part of either acquisition.

Section D - Funding

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

This section includes details of the Group's cash, borrowings and capital reserves which provide the funds for all current and future activities.

During the year as part of the Group's expansion strategy the Company signed a variation to the bank borrowing facilities which has increased the committed bank borrowing facilities to $157m.

As part of the purchase consideration for the assets and business undertakings of MSL the Group issued 2,103,786 shares on 3 August 2015 to the shareholder of HPI Avondale Limited (formerly known as Manufacturing Suppliers Limited). The ordinary shares issued have the same rights as the other shares in issue. The fair value of the shares issued amounted to $6m ($2.85 per share).

D1: Borrowings

	2016 $000	2015 $000
Term loans - non current	**97,900**	71,740

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 profit or loss 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.

KEY POLICY

Credit facilities arranged with the banks can be drawn at any time, subject to meeting the Group's General Security Arrangement conditions over the assets of the Group. Refer to D2 page 20 for disclosures relating to covenants.

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.

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 $0.7m lower/higher (2015: $0.5m).

The Group has committed bank borrowing facilities at balance date of $157m (2015: $110m). These facilities have mixed revolving terms. Unless earlier extended, $78.5m (2015: $55m) has an expiry date of August 2017 and $78.5m (2015: $55m) has an expiry date of June 2018.

On 29 July 2016 the Group signed a variation to the bank borrowing facilities which has amended the expiry date on $78.5m from August 2017 to October 2017.

The Group manages its liquidity risk by 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 monitors actual and forecast cash flows on a regular basis and rearranges 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.

	Interest rate	6 months or less $000	6 to 12 months $000	1 to 2 years $000	Total $000	Fair Value $000
Group 2016						
Borrowings	**3.68%**	**1,926**	**1,850**	**98,837**	**102,613**	**97,900**
Trade and other payables		**39,867**	**-**	**-**	**39,867**	**39,867**
Cash flow hedging of derivatives:						
Outflow		**28,078**	**606**	**-**	**28,684**	
Inflow		**(27,866)**	**2**	**-**	**(27,864)**	
Group 2015						
Borrowings	4.38%	1,708	1,641	73,104	76,453	71,740
Trade and other payables		38,173	-	-	38,173	38,173
Cash flow hedging of derivatives:						
Outflow		21,891	805	-	22,696	
Inflow		(23,709)	(442)	-	(24,151)	

D2: Share Capital

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 Board. The gearing ratio for this year is 40% (2015: 32%) 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 the covenants during the year (2015: fully complied).

	2016 $000	2015 $000	2016 Shares	2015 Shares
Fully paid:				
Balance at the beginning of the year	**71,716**	71,655	**88,464,240**	88,454,240
Proceeds from partly paid shares	**39**	61	**10,000**	10,000
Issue of ordinary shares	**6,000**	-	**2,103,786**	-
Balance at the end of the year	**77,755**	71,716	**90,578,026**	88,464,240
Partly paid:				
Balance at the beginning of the year	**1**	1	**65,000**	75,000
Transfer to fully paid shares	**-**	-	**(10,000)**	(10,000)
Balance at the end of the year	**1**	1	**55,000**	65,000
Total balance at the end of the year	**77,756**	71,717	**90,633,026**	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 shares 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 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.

Treasury shares

	2016 $000	2015 $000	**2016 Shares**	2015 Shares
Balance at the beginning of the year	**3,100**	2,672	**995,953**	875,770
Purchases	**981**	784	**370,000**	259,624
Used in share schemes	**(581)**	(356)	**(256,232)**	(139,441)
Withdrawals	**-**	-	**-**	-
Balance at the end of the year	**3,500**	3,100	**1,109,721**	995,953

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 $2.65 (2015: $3.02).

Section E - Other

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016

This section contains additional notes and disclosures which do not form part of the primary sections but which are required to comply with financial reporting standards.

- Financial risk management
- Segment reporting
- Provisions
- Contingent liabilities
- Auditor remuneration
- Related party and share based plans
- Financial instruments
- Financial assets
- Other accounting policies

E1: Financial Risk Management

The Group's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets. Treasury policies are approved by the Board and are reviewed annually. These policies set appropriate principles and risk tolerance levels to guide management in carrying out risk management activities to minimise potential adverse effects on the financial performance of the Group. Compliance with policy is monitored and reviewed on a monthly basis.

Detail relevant to the following risks are covered in relevant sections:

Foreign exchange risk (a market risk)	Inventories	B1
Interest rate risk (a market risk)	Borrowings	D1
Credit risk	Trade and other receivables	B2
Liquidity risk	Borrowings	D1

E2: Segment Reporting

The Group primarily derives its revenue from the distribution, processing and fabrication of steel, plastics 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.

Operating segments of the Group as at 30 June 2016 have been determined based on the separate financial information that is regularly reviewed by the Chief Operating Decision Maker (CODM). Each segment engages in business activities that earn revenue and incur expenses. The Chief Executive Officer has been identified as the CODM. The Group's operating segments comprise steel & stainless distribution and processing roofing products, reinforcing and wire businesses and the newly acquired fastenings and plastics businesses.

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 nature of products and services supplied, the nature of 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.

E3: Provisions

	2016 $000
Balance at the beginning of the year	2,764
Movement during the year	1,347
Balance at the end of the year	4,111
Current	3,104
Non Current	1,007

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 Court of Appeal judgement issued in July 2016 found in favour of the plaintiff Lewis Holdings Limited for $750k, for which a provision has been recognised.

E4: Contingent Liabilities

Indemnities given to the Company's trading banks in respect of performance bonds were $0.8m (2015: $1.1m) at balance date and were transacted in the ordinary course of business.

In March 2016, the Commerce Commission began an investigation into Steel & Tube SE62 seismic mesh including the inadvertent use of the Holmes Solutions logo on Steel & Tube test certificates. These investigations are currently continuing. The Company believes that inconsistent test results of SE62 seismic mesh arises due to interpretations of ambiguities within the testing standards, and is pleased the government is now leading a review of the standards to address these ambiguities. However until the investigation is complete there remains uncertainty of the Commerce Commission interpretation and application of the seismic mesh standards. Should a fine or penalty be imposed it is likely to be recovered under our insurance policy.

E5: Auditor Remuneration

	2016 $000	2015 $000
Fees paid to PwC		
– annual audit and half year review	259	239
– financial and tax due-diligence on acquisitions	-	5
– tax compliance: annual tax return	29	24
– system implementation quality assurance services	72	-
– consulting services in respect of data security	17	-

E6: Related Party and Share Based Plans

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

The subsidiaries in the Group are:

Subsidiaries	Principal Activity	**2016 Holding**	2015 Holding
Steel & Tube New Zealand Limited	Non-trading	**100%**	100%
S&T Stainless Limited	Stainless Distributor	**100%**	100%
Manufacturing Suppliers Limited	Fastenings Distributor	**100%**	0%
S&T Plastics Limited	Pipe Manufacturer	**100%**	0%

Transactions with Key Management Personnel

	2016 $000	2015 $000
Short-term benefits	**3,248**	3,572
Share-based benefits	**841**	498
	4,089	4,070

The Key Management Personnel are the Non Executive Directors and Executive Management.
Included in short-term benefits are Directors' fees of $338,100 (2015: $378k).

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. The rights to shares are equity settled.

At July 2015 947,608 rights to shares were outstanding. Rights outstanding, granted or forfeited carry no exercise price. During the year the following movements of rights to shares occurred in accordance with the rules of the share plan:

- 493,441 shares (2015: 288,712 shares) were granted, or purchased for the Executive Share Plan. Issue Date fair value $2.66.
- 110,599 rights to shares (2015: 34,530 shares) were forfeited.
- 256,232 rights to shares (2015: 136,031 shares) were exercised at an average share price of $2.67 (2015: $3.02).

1,074,218 rights to shares were outstanding at the end of the year and have the following expiry date and issue date fair values, the weighted average remaining contractual life of the rights outstanding is 3.1 years (2015: 2.8 years).

	Expiry date	Issue date fair value	Rights available 2016	Rights available 2015
1 July 2011 - Tranche 9	30/06/16	$2.58	**-**	38,134
1 July 2012 - Tranche 10	30/06/17	$2.17	**48,806**	326,711
1 July 2013 - Tranche 11	30/06/18	$3.10	**273,801**	298,093
1 July 2014 - Tranche 12	30/06/19	$2.85	**261,678**	284,670
1 July 2015 - Tranche 13	30/06/20	$2.66	**489,933**	-

The fair value of rights is determined using the Monte Carlo share price simulation model. The significant inputs into 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 19.5%, expected option life of between 1 and 5 years and an annual risk free interest rate of 2.67%. Volatility has been calculated based on the annualised volatility for the four years prior to the Rights issue date.

The Board appoints a Trustee to administer the plan. 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 profit or loss over the vesting period, with a corresponding entry to the reserve in equity. Shares purchased in this plan are recognised as treasury shares until they are distributed.

KEY POLICY

E7: Financial Instruments

	Loans and receivables	Derivatives for hedging	Liabilities at amortised cost
Group 2016			
Cash and cash equivalents	**2,287**	**-**	**-**
Trade and other receivables excluding prepayments	**88,612**	**-**	**-**
Derivative financial instruments (1)	**-**	**33**	**-**
Total financial assets	**90,899**	**33**	**-**
Borrowings	**-**	**-**	**97,900**
Trade and other payables	**-**	**-**	**39,867**
Derivative financial instruments (1)	**-**	**854**	**-**
Total financial liabilities	**-**	**854**	**137,767**
Group 2015			
Cash and cash equivalents	4,090	-	-
Trade and other receivables excluding prepayments	83,753	-	-
Derivative financial instruments (1)	-	1,457	-
Total financial assets	87,843	1,457	-
Borrowings	-	-	71,740
Trade and other payables	-	-	38,173
Derivative financial instruments (1)	-	2	-
Total financial liabilities	-	2	109,913

(1) Derivative financial instruments are measured at fair value calculated using forward exchange rates that are quoted in an active market (Level 2 of the fair value hierarchy).

E8: Financial Assets

The Group classifies its financial assets as loans and receivables and fair value through profit or loss, which includes derivatives held for hedging. 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.

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. They are recognised initially at fair value and subsequently at amortised cost less any impairment.

E9: Other Accounting Policies

Basis of consolidation

The Group applies the acquisition method to account for business combinations. The Group financial statements comprise the financial statements of Steel & Tube Holdings Limited and its controlled entities (subsidiaries) (refer Note E6 page 24). The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

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 to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and deconsolidated from the date control ceases.

Consideration transferred is the fair value of assets transferred, liabilities incurred to the former owners of the acquiree and equity interests issued by the Group. Consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at acquisition date.

All inter-company transactions and balances between Group companies are eliminated.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities at balance date are recognised in profit or loss except when deferred in equity as qualifying cash flow hedges.

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.

Accounts payable policy

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derivatives - 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.

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 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 on the ineffective portion is recognised in profit or loss 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 profit or loss 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 Profit or Loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in equity is immediately transferred to profit or loss 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.

Impairment of non-financial assets

Assets that have indefinite useful lives are not subject to amortisation and intangible assets not yet available for use are tested annually for impairment. Assets (including intangibles and property, plant and equipment) 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).

Adoption status of relevant new financial reporting standards and interpretations

There are no new standards or amendments to standards applicable to the Group for the year ended 30 June 2016.

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2016 and have not been early adopted by the Group. The assessment of the impact of these new standards and interpretations is set out below:

NZ IFRS 9: Financial Instruments (Effective date: periods beginning on or after 1 January 2018).

NZ IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group intends to adopt NZ IFRS 9 on its effective date and has yet to assess its full impact.

NZ IFRS 16: Leases (Effective date: periods beginning on or after 1 January 2019).

NZ IFRS 16, 'Leases', replaces the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

The standard is effective for the Group for the year ending 30 June 2020. Early adoption is permitted but only in conjunction with NZ IFRS 15, 'Revenue from Contracts with Customers'.

The Group intends to adopt NZ IFRS 16 on its effective date and has yet to assess its full impact.

pwc

Independent auditor's report

To the shareholders of Steel & Tube Holdings Limited

Our opinion

In our opinion, the consolidated financial statements of Steel & Tube Holdings Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 30 June 2016, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The consolidated financial statements comprise:

- the balance sheet as at 30 June 2016;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which includes significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

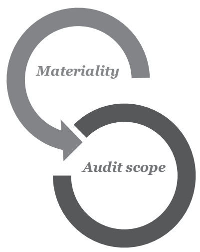
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code).* We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance services, other assurance services and consulting services in respect of data security. The provision of these other services has not impaired our independence as auditor of the Group.

Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall group materiality: $1.2 million, which represents 5% of profit before tax and excludes the one-off gain on the sale of the Bowden Road property.

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

PricewaterhouseCoopers , 113 – 119 The Terrace, PO Box 243, Wellington 6140, New Zealand

pwc

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The consolidated financial statements are a consolidation of four subsidiaries, all based in New Zealand but all with separate finance functions. For the consolidated financial statements we determined that Steel & Tube Holdings Limited required a full scope audit performed at the materiality level for the Group. To obtain sufficient evidence over the remainder of the Group components we scoped our audit on a financial statement line item basis. For the remaining components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within these. All audit procedures were conducted by the Group audit team.

Taken together, our work accounted for the following percentages of the Group's results:

pwc

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Brown.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants — Wellington
11 August 2016

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 Broadspectrum Limited.

Anne Urlwin BCom 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 Chairman of Naylor Love Enterprises Ltd and Deputy Chairman of Southern Response Earthquake Services Ltd, and has directorships with Chorus 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, a Director of The Buttery, and a member of the Foundation Committee for The Buttery.

Governance Statement

Corporate Governance at Steel & Tube is predicated on high standards of ethics and performance. This is achieved through robust governance policies, practises and processes to ensure compliance with the NZX (New Zealand Exchange) Main Board Listing Rules. The Company's corporate governance framework also materially complies with the NZX Corporate Governance Best Practice Code and the FMA's (Financial Markets Authority) Corporate Governance Principles and Guidelines.

The Role of the Board and Delegations

The Board is elected by Steel & Tube's shareholders and is responsible for the Company's strategy, direction, culture and performance.

The Board has adopted a Board Charter that reflects its commitment to best practice governance, and which sets out its role and responsibilities. The Charter is reviewed regularly and allows the Board to delegate some of responsibilities and authorities to Board Committees. The Board and Board Committee Charters, along with other governance documents, are available on the Company website www.steelandtube.co.nz.

The Board has delegated authority for the day-to-day leadership and management of the business to the CEO, who may in turn, sub-delegate to other Company management. A formal Delegations of Authority Policy governs the operation of these delegations.

The Board meets at least eight times per year at various Company locations, with meetings at operational sites enabling Directors to interact with Company personnel and observe operations, including the operation of Steel & Tube's Health and Safety framework.

Board Composition and Performance

The Board's composition reflects its commitment to ensure it has a mix of skills, experience, knowledge and diversity to discharge its responsibilities and add value to the Company.

Steel & Tube's Chairman is an independent director, and the CEO cannot also be Chairman. The Board annually reviews the independence of directors.

The Company's Constitution provides for up to 10 directors. At 30 June 2016 there are five directors (four independent directors and a managing director) detailed in the table below.

The Board keeps its own performance under review, including regular formal reviews, and comprehensive external reviews from time to time to assist in reviewing the performance of individual directors and the Board's effectiveness.

Director	Appointed	Last Elected at ASM
Sir John Anderson (Chairman)	10 November 2011	2014
Dean Pritchard	20 May 2005	2015
Rosemary Warnock	22 September 2010	2014
Anne Urlwin	1 June 2013	2013
Dave Taylor (Managing Director/CEO)	5 October 2009	2013

Board Committees

The Board has established four standing Board Committees to assist it in discharging its responsibilities. All directors are members of each Committee. The key responsibilities of each Committee are:

Health, Safety & Environment Committee	Governance & Remuneration Committee	Audit & Risk Committee	Nominations Committee
Chair: Rosemary Warnock	**Chair: Dean Pritchard**	**Chair: Anne Urlwin**	**Chair: Dean Pritchard**
• Review the adequacy of management systems, processes and practises relation to Health & Safety in the workplace • Assess the effectiveness of the Company's Health & Safety vision, culture and governance framework • Monitor Health & Safety legislative compliance • Assess the appropriateness of Health & Safety targets and monitor performance • Review Health & Safety risk analysis, audit results and serious Health & Safety incidents • Engage with staff at various locations to experience first-hand the Health & Safety culture and behaviours	• Assess the appropriateness of governance polices and processes adopted by the Board • Review the remuneration of non-executive directors • Assess the Company's remuneration framework and key policies, including long-term and short-term incentive performance arrangements • Review the remuneration packages of the CEO and senior executives • Monitor processes for the identification and development of key and high potential personnel, including succession planning • Monitor performance of the Diversity Policy objectives	• Oversee the quality and integrity of external financial reporting, including Annual and Interim financial statements, related NZX announcements and all other financial information released to the market • Oversee the effective operation of internal controls, and the risk management, assurance and compliance framework, including internal audit • Recommend to the Board the appointment, removal and remuneration of the external auditors, and review the scope and quality of audit, and monitor the auditor's independence, including the pre-approval of any non-audit services provided by the external auditors	• Monitor the Board composition to ensure an appropriate mix of expertise and experience • Assist the Board in planning the Board's composition, reviewing Board succession plans and determining the skills and experience required of prospective directors where a vacancy exits • Ensure the effectiveness of the induction programme for new directors • Assist the Board in reviewing its performance and that of individual directors

Director Induction and Remuneration

Steel & Tube provides an induction programme for new directors to ensure they meet relevant management and learn about the Company's business and the environment in which it operates.

In accordance with the Company's Constitution, all directors are required to hold at least 1,000 shares in Steel & Tube; however there is no requirement for ongoing investment.

Director remuneration is regularly reviewed and supported by external advice. Independent directors are paid a set fee, with no additional remuneration for Committees.

Independent Advice

All directors are entitled to, with the Chairman's prior approval, seek such independent professional advice (including legal advice) as they consider necessary to discharge their responsibilities, and request the attendance of advisors at a Board or Board Committee meeting.

Ethical Standards

Ethical standards at Steel & Tube are governed by a Code of Conduct contained within the Company Policy Manual. The Code is the cornerstone of the Company behaviours and culture, and provides guidance and clarity to employees. Directors are also governed by this Code which requires the upholding of the highest ethical standards.

Risk Management

The Company's risk management framework incorporates policies, procedures and appropriate internal controls to identify and manage areas of significant business and financial risks. The Board sets the risk appetite and annually reviews key risk areas, potential impact on the Company, and the effectiveness of the mitigating risk controls.

Steel & Tube operates an out-sourced internal audit function, which reports to and is monitored by, the Audit & Risk Committee.

Processes are in place to ensure compliance with approved policies, as well as relevant legislation and regulations, and the NZX Listing Rules.

Quality of Financial Reporting and Audit

Processes are in place for ensuring the quality of financial reporting, and the CEO and CFO provide semi-annual certification to the Board that the Company's financial statements present a true and fair view of Steel & Tube's financial performance and position, and comply with relevant accounting standards.

PwC (or its predecessors) have been Steel & Tube's external auditors for more than 20 years. However, in accordance with NZX listing rule 3.6.3(f) the lead audit partner is changed at least every five years. The Audit & Risk Committee oversees the annual performance of the external auditors, assesses their independence and monitors audit partner rotation. The Committee also pre-approves any non-audit undertaken by PwC. The external auditors meet with the Audit & Risk Committee without management present prior to the Company's half-year and full-year financial statements being finalised.

Trading in Steel & Tube Shares

Steel & Tube has an Insider Trading Policy (available on www.steelandtube.co.nz) which, along with the Financial Markets Conduct Act 2013, imposes limitations and requirements on directors and employees in dealing in the Company's shares. These limitations prohibit dealing in shares while in possession of inside information,
and impose requirements for seeking consent to trade.

Timely Disclosures

Steel & Tube is committed to providing accurate, timely, consistent and reliable disclosure of information to ensure market participants have fair access to information that may impact on its share price.

The Company's Continuous Disclosure Policy (available on www.steelandtube.co.nz) sets out the principles and requirements of this commitment to timely and balanced disclosures.

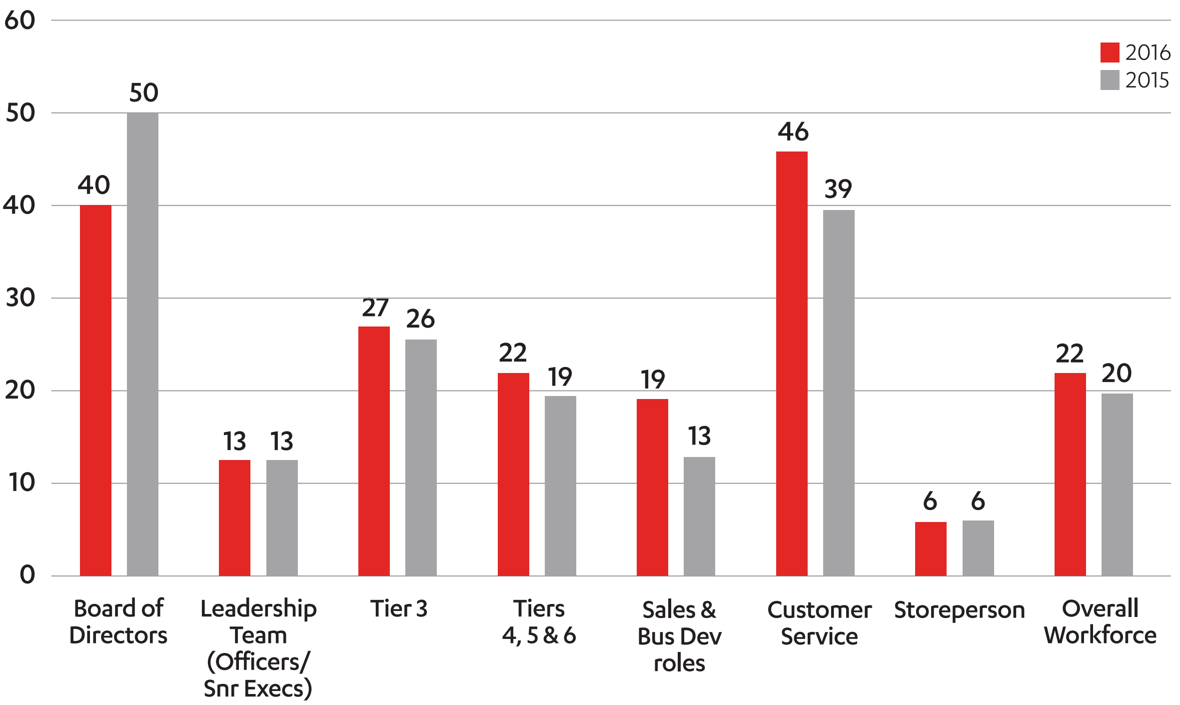
Diversity

Steel & Tube believes that attracting and retaining a committed workforce is contributed to by embracing diversity. The Company's Diversity Policy aims to ensure that there is a focus on diversity throughout the organisation. The Policy (available on www.steelandtube.co.nz) is reviewed annually, and in undertaking the August 2016 annual review of the Policy, the Board concluded that overall Steel & Tube is meeting its diversity principles and objectives.

The following key objectives of the policy are to ensure that everyone is treated fairly and with respect, and where the diverse skills, values, backgrounds, ethnicity and experiences are truly valued within the Company:

- Attract and hire high performing diverse individuals
  - » Women make up 22% of the total workforce up from 20%
- Appoint and promote staff based on merit
  - » 9 women (up from 6) employed in storeperson roles (traditionally a male domain)
  - » Women in tier 3 roles increased by 2, and increase from 26% to 27%
  - » 50% of increase in Sales & Development roles are held by women, now 19.1%
- Reward and remunerate fairly and consistently based on roles and responsibilities
  - » Review of occupational groupings, and salaries relative to position, experience and performance, confirmed there are no gender pay differentials
- Provide tailored working conditions to meet employees' needs
  - » 25 employees work less than 40 hours per week
- Provide the opportunity for feedback from employees through surveys
  - » Staff engagement survey completed in June 2016 with 88% participation

% of females in S&T roles as at 30 June



This document, in conjunction with the Steel & Tube Shareholder Review 2016, constitutes the 2016 Annual Report to shareholders of Steel & Tube Holdings Limited.

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 amount 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 2016 were:

Directors	$000s
Sir J A Anderson	126
D W Taylor	1,050*
D A Pritchard	63
J L Smith	23
A J Urlwin	63
R Warnock	63

* Mr Taylor's remuneration package includes a $6,969 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 2016 were within the following bands:

Remuneration Range $000	No. of Employees
100 - 110	21
110 - 120	19
120 - 130	8
130 - 140	7
140 - 150	14
150 - 160	5
160 - 170	7
170 - 180	1
180 - 190	2
190 - 200	2
210 - 220	2
230 - 240	1
240 - 250	1
250 - 260	1
300 - 310	2
310 - 320	1
440 - 450	1

Directors' Shareholdings

	At 30 June 2016	At 30 June 2015
Sir J A Anderson	15,000	15,000
D W Taylor	379,755	212,302
D A Pritchard	10,000	10,000
A J Urlwin	10,000	10,000
R Warnock	2,500	2,500

Shareholder Information

Census of Shareholders

AS AT 31 JULY 2016

Size of holdings	Number of holders	Number of shares	% of issued shares
1 - 999	1,639	675,669	0.75
1,000 - 4,999	3,809	9,045,770	9.99
5,000 - 9,999	1,488	9,565,929	10.56
10,000 - 49,999	1,413	24,757,110	27.33
50,000 +	157	46,533,548	51.37
	8,506	**90,578,026**	**100.00**

Top 20 Shareholders

AS AT 2 AUGUST 2016

Accident Compensation Corporation*	5,002,654	5.52
National Nominees New Zealand Limited*	3,399,070	3.75
Custodial Services Limited - a/c 3	3,022,371	3.34
HSBC Nominees (New Zealand) Limited*	2,637,327	2.91
FNZ Custodians Limited	2,471,472	2.73
Citibank Nominees (New Zealand) Limited*	2,115,312	2.34
HPI Avondale Limited	2,103,786	2.32
Chester Perry Nominees Limited	1,700,000	1.88
Custodial Services Limited - a/c 2	1,327,526	1.47
Custodial Services Limited - a/c 4	1,153,576	1.27
Custodial Services Limited - a/c 18	860,272	0.95
ASB Nominees Limited - a/c 208747 ML	669,303	0.74
Public Trust Class 10 Nominees Limited*	646,127	0.71
Fergus David Elliott Brown	622,558	0.69
Forsyth Barr Custodians Limited - (1-Custody)	590,773	0.65
CRS Nominees Limited	472,834	0.52
BNP Paribas Nominees (NZ) Limited (COGN40)*	467,610	0.52
Tea Custodians Limited Client Property Trust*	457,674	0.51
New Zealand Depository Nominee Limited	443,481	0.49
Custodial Services Limited - a/c 16	439,484	0.49
	30,603,210	**33.80**

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

Substantial security holder

The following information is given pursuant to sections 277 and 278 of the Financial Markets Conduct Act 2013. According to notices given under the Financial Markets Conduct Act 2013, the following shareholders were substantial holders in the Company as at 30 June 2016. The number of ordinary shares and the percentage of voting securities set out below are taken from the relevant substantial security holder notices.

	Shares	%
Accident Compensation Corporation	5,704,647	6.298

Issued shares in the Company comprise:

Ordinary shares fully paid	90,578,026
Ordinary shares partly paid (no voting rights)^	55,000
	90,633,026

^ Shares issued in the Senior Executives Share Scheme 1993.

Comparative Review

	2016 $000	2015 $000	2014 $000	2013 $000	2012 $000
Financial Performance					
Sales	**515,947**	501,795	441,433	393,348	405,362
EBITDA	**43,160**	38,267	32,900	27,906	26,137
Depreciation and amortisation	**(6,354)**	(4,945)	(6,104)	(5,345)	(6,206)
EBIT	**36,806**	33,322	26,796	22,561	19,931
Net Interest expense	**(3,638)**	(3,496)	(1,919)	(1,369)	(1,671)
Profit before tax	**33,168**	29,826	24,877	21,192	18,260
Tax expense - operating income	**(7,342)**	(8,379)	(6,973)	(5,607)	(5,133)
Tax expense - tax legislation changes	**-**	-	-	-	-
Profit after tax	**25,826**	21,447	17,904	15,585	13,127
Funds Employed					
Equity	**180,245**	167,009	160,381	159,983	152,684
Non-current liabilities	**100,296**	75,007	2,345	2,257	2,685
	280,541	242,016	162,726	162,240	155,369
Comprises:					
Current assets	**221,539**	204,895	205,327	154,381	161,318
Current liabilities	**(49,899)**	(45,785)	(114,240)	(62,914)	(75,049)
Working capital	**171,640**	159,110	91,087	91,467	86,269
Non-current assets	**108,901**	82,906	71,639	67,977	69,100
	280,541	242,016	162,726	159,444	155,369
Statistics					
Dividends per share (cents)	**22.5**	19.0	16.0	15.0	12.0
Earnings per share (cents)	**28.9**	24.5	20.4	17.8	14.9
Return on sales	**5.0%**	4.3%	4.1%	4.0%	3.2%
Return on equity	**14.3%**	12.8%	11.2%	9.9%	8.6%
Working capital (times)	**4.4**	4.5	1.8	2.5	2.1
Net tangible assets per share	**$1.47**	$1.59	$1.55	$1.53	$1.49
Equity to total assets	**54.5%**	58.0%	57.9%	70.7%	66.3%
Gearing (debt to debt plus equity)	**34.7%**	28.8%	26.8%	13.0%	19.2%
Net interest cover (times)	**10.1**	9.5	14.0	16.5	11.9
Ordinary shareholders	**8,506**	8,299	8,348	8,463	7,754
Employees	**918**	781	773	683	676
- Female	**193**	154	139	126	123
- Male	**725**	627	634	557	553
Directors & Officers					
- Female	**3**	4	4	4	3
- Male	**10**	9	9	8	9

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

Directory

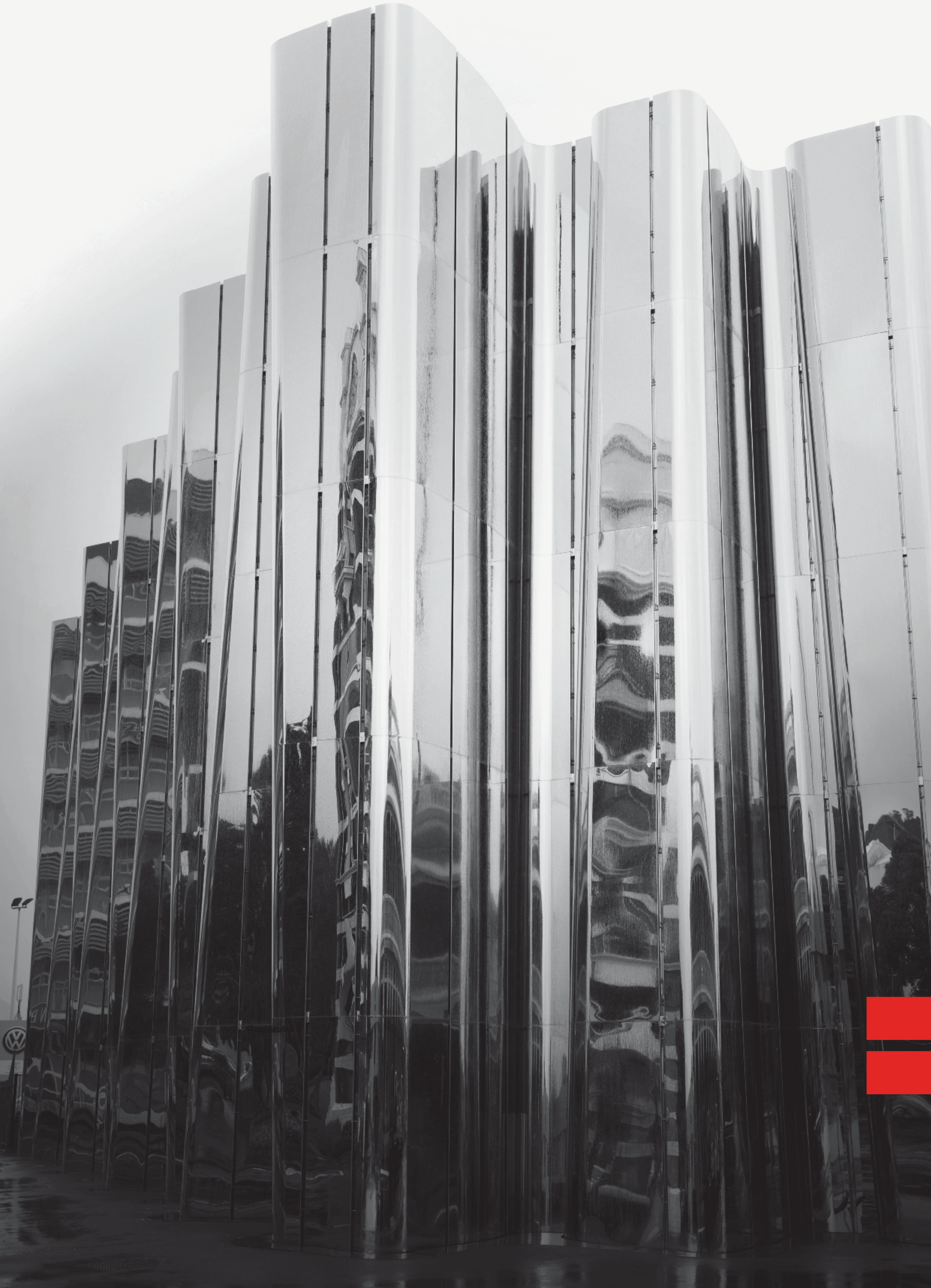
Registered Office

Level 7, 25 Victoria Street, Petone, Lower Hutt 5012, New Zealand
PO Box 30543, Lower Hutt 5040, New Zealand
Ph: +64 4 570 5000 Fax: +64 4 569 4218
Email: info@steelandtube.co.nz
Website: www.steelandtube.co.nz

Share Registry

Computershare Investor Services Limited
Private Bag 92119, Auckland 1142, New Zealand
Ph: + 64 9 488 8777 Fax: +64 9 488 8787
Email: enquiry@computershare.co.nz
Website: www.computershare.co.nz

This document, in conjunction with the Steel & Tube Shareholder Review 2016, constitutes the 2016 Annual Report to shareholders of Steel & Tube Holdings Limited.



STRONGER IN EVERYWAY

steel&tube

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