



Steel & Tube Holdings Limited





Directors' Report

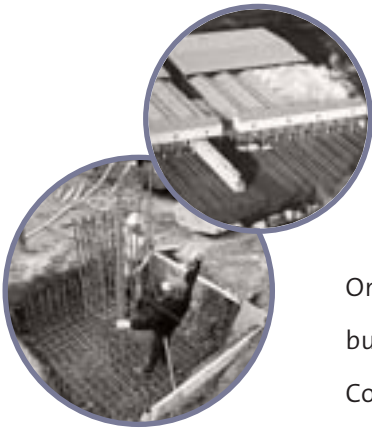
for the six months ended 30 November 1997

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The lower level of economic activity has persisted and sales for the six months ended 30 November 1997 were \$206 million, down 9% on the corresponding period in the prior year. The profit after tax for this period was \$7.1 million, well down on the figure of \$12.8 million recorded in 1996.

The Directors have declared an interim dividend of 7 cents per share which will be paid on 5 February 1998 to holders of fully paid shares registered at 23 January 1998. This dividend will carry full imputation credits and a supplementary dividend of 1.23 cents for non-resident shareholders. The amount payable is \$6.1 million.

In the New Zealand operations, net margins were lower because reduced volumes more than offset cost reductions and productivity gains.



On a more positive note the steel distribution business in British Columbia, A J Forsyth & Company Limited, recorded improved sales and profitability.

During the six months, a number of the Company's trading operations were relocated and a further significant improvement in the Group's safety record was achieved.

As to the full year, Directors had expected an improvement in trading conditions in the first half of 1998 but recent developments in Asia give rise to some uncertainty.

Dr R L Every

Chairman of The Board of Directors

Dated 19 December 1997

Consolidated Statement of Financial Performance

of Steel & Tube Holdings Limited & its subsidiaries for
the six months ended 30 November 1997

	6 months ended 30 Nov 1997 (\$000)	6 months ended 30 Nov 1996 (\$000)	11 months ended 31 May 1997 (\$000)
Sales	205,891	226,682	386,976
Profit before taxation	13,255	20,855	32,114
Tax expense	5,214	7,879	11,831
Profit after taxation	8,041	12,976	20,283
Minority interest in profit of subsidiary	(897)	(186)	(695)
Profit attributable to the shareholders of the Parent company	\$7,144	\$12,790	\$19,588
Earning per share (cents) (annualised, after tax)	16.3	29.3	24.5

Consolidated Statement of Cash Flows

of Steel & Tube Holdings Limited & its subsidiaries for
the six months ended 30 November 1997

	6 months ended 30 Nov 1997 (\$000)	6 months ended 30 Nov 1996 (\$000)	11 months ended 31 May 1997 (\$000)
Net cash flow from operating activities	9,619	4,357	10,477
Net cash flow from/(to) investing activities	1,959	(1,392)	(13,854)
Net cash flow to financing activities	(14,307)	(2,367)	(1,168)
Net increase/(decrease) in cash held	(\$2,729)	\$598	(\$4,545)

Consolidated Statement of Financial Position

of Steel & Tube Holdings Limited & its subsidiaries
as at 30 November 1997

	as at 30 Nov 1997 (\$000)	as at 30 Nov 1996 (\$000)	as at 31 May 1997 (\$000)
Equity			
Paid up capital	69,230	69,084	69,084
Reserves	44	(743)	(835)
Retained earnings	54,923	56,650	47,779
	124,197	124,991	116,028
Shareholders' funds			
Minority interest	9,624	6,935	8,185
	133,821	131,926	124,213
Liabilities			
Term liabilities	31,393	18,500	30,532
Current liabilities	75,691	74,630	85,034
	107,084	93,130	115,566
	\$240,905	\$225,056	\$239,779
Assets			
Non current assets	66,481	62,880	65,658
Investments	370	474	457
Goodwill	8,013	9,288	8,848
Future income tax benefit	1,152	638	321
Current assets	164,889	151,776	164,495
	\$240,905	\$225,056	\$239,779

Notes: - Accounting policies adopted are as stated in the Annual Report.
- All figures for the six months to 30 November 1997 and 30 November 1996 are unaudited.
The figures for the eleven months ended 31 May 1997 are taken from audited financial statements.

