



*Steel & Tube Holdings Limited*

HALF YEARLY REPORT 2000

## DIRECTORS' REPORT

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES  
FOR THE 6 MONTHS ENDED 31 DECEMBER 2000

- **RESULTS** Your Directors are pleased to report that the result for the six months ended 31 December 2000 was an after tax profit of \$6.7 million. This compares favourably with the \$6.4 million recorded in 1999.
- **DIVIDEND** The Directors have declared a dividend of 7 cents per share which will be paid on 16 March 2001 to holders of fully paid ordinary shares registered at 2 March 2001. The amount payable is \$6.1 million. This dividend carries full imputation credits and a supplementary dividend of 1.235 cents will be paid to non resident shareholders.
- **PERFORMANCE** Despite a difficult trading period, Steel & Tube Holdings Limited reported a slight improvement in earnings for the six months.

An increase in demand from the manufacturing and rural sectors coupled with operational improvements, enabled the Steel Distribution operations to increase its profits during this period.

The severe downturn in housing and a flat commercial sector affected the earnings of the Reinforcing and Roofing Products business's despite a number of cost cutting exercises being implemented.

The Canadian subsidiary A J Forsyth was also adversely affected with a reduction in volumes and margins brought about by a weakening economy.

- **OUTLOOK** While there are some positives in the outlook for the manufacturing and agriculture sectors in the second six months, the construction sector is expected to remain weak. It is also unlikely that there will be an improvement in the markets serviced by A J Forsyth during the period.



DR R L EVERY  
CHAIRMAN OF BOARD OF DIRECTORS



MR N CALAVRIAS  
CHIEF EXECUTIVE OFFICER

DATED 15 FEBRUARY 2001

# Consolidated Statement of Financial Position

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES AS AT 31 DECEMBER 2000

	AS AT 31 DEC 2000	AS AT 31 DEC 1999	AS AT 30 JUN 2000
	<b>\$000</b>	\$000	\$000
<b>Equity</b>			
Paid up capital	69,372	69,341	69,341
Reserves	4,722	1,957	3,442
Retained earnings	53,378	51,030	52,782
<b>Shareholders' funds</b>	<b>127,472</b>	122,328	125,565
Minority interest	15,571	12,883	15,066
	<b>143,043</b>	135,211	140,631
<b>Non Current Liabilities</b>			
Term loans	18,670	20,000	5,000
<b>Current Liabilities</b>			
Short term borrowings	20,316	35,339	44,776
Accounts payable	31,870	31,627	32,473
Provision for tax	-	2,078	348
	<b>52,186</b>	69,044	77,597
	<b>\$213,899</b>	\$224,255	\$223,228
<b>Non Current Assets</b>			
Fixed assets	65,108	66,193	65,635
Investments	-	300	-
Goodwill	8,940	10,389	9,768
Future income tax benefit	1,468	1,957	1,318
Long term receivables	420	781	601
	<b>75,936</b>	79,620	77,322
<b>Current Assets</b>			
Cash in bank	167	906	1,192
Accounts receivable and prepayments	64,627	73,027	70,664
Inventories	72,937	70,702	74,050
Tax refund due	232	-	-
	<b>137,963</b>	144,635	145,906
	<b>\$213,899</b>	\$224,255	\$223,228

# Consolidated Statement of Cash Flows

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE 6 MONTHS ENDED 31 DECEMBER 2000

	6 MONTHS ENDED 31 DEC 2000	6 MONTHS ENDED 31 DEC 1999	13 MONTHS ENDED 30 JUN 2000
	\$000	\$000	\$000
<b>Cash Flows From Operating Activities</b>			
Cash was provided from/(applied to):			
Receipts from customers	200,605	184,435	396,646
Interest received	109	55	193
Payments to suppliers and employees	(176,158)	(161,898)	(350,245)
Income taxes paid	(5,467)	(2,835)	(9,041)
Interest paid	(1,548)	(1,814)	(3,943)
Net cash flow from operating activities	<u>17,541</u>	<u>17,943</u>	<u>33,610</u>
<b>Cash Flows From Investing Activities</b>			
Cash was provided from/(applied to):			
Repayment of trade advance	214	-	-
Sale of fixed assets	293	1,416	2,379
Sale of investment	-	-	300
Purchase of Roofing division	-	-	(25,089)
Purchase of fixed assets	(2,172)	(3,325)	(6,030)
Net cash flow to investing activities	<u>(1,665)</u>	<u>(1,909)</u>	<u>(28,440)</u>
<b>Cash Flows From Financing Activities</b>			
Cash was provided from/(applied to):			
Net proceeds from total borrowings	-	-	5,791
Proceeds from call on shares	31	-	-
Net settlement from total borrowings	(10,790)	(9,033)	-
Dividends paid	(6,142)	(3,510)	(8,775)
Net cash flow to financing activities	<u>(16,901)</u>	<u>(12,543)</u>	<u>(2,984)</u>
Net cash flow	<u>(1,025)</u>	<u>3,491</u>	<u>2,186</u>
Opening cash brought forward	<u>1,192</u>	<u>(2,585)</u>	<u>(994)</u>
Closing cash carried forward	<u>167</u>	<u>906</u>	<u>1,192</u>
Cash is comprised of:			
Cash in bank	<u>167</u>	<u>906</u>	<u>1,192</u>
	<u>167</u>	<u>906</u>	<u>1,192</u>

# Consolidated Statement of Cash Flows (continued)

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE 6 MONTHS ENDED 31 DECEMBER 2000

	6 MONTHS ENDED 31 DEC 2000	6 MONTHS ENDED 31 DEC 1999	13 MONTHS ENDED 30 JUN 2000
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Reconciliation of Profit After Taxation To Cash Flow From Operating Activities</b>			
Profit after taxation	<b>7,243</b>	7,089	16,129
Add/(less) items classified as Investing or Financing activities:			
Net (gain)/loss on sale of fixed assets	<b>(41)</b>	96	144
	<b>(41)</b>	96	144
Add non cash items:			
Depreciation	<b>3,516</b>	3,431	7,637
Bad debts written off	<b>486</b>	637	1,651
Amortisation of goodwill	<b>1,054</b>	1,088	1,969
Increase in future income tax benefit	<b>(150)</b>	(369)	(218)
	<b>4,906</b>	4,787	11,039
Movements in working capital items:			
(Decrease)/increase in income tax payable	<b>(580)</b>	2,639	1,667
Decrease/(increase) in accounts receivable and prepayments	<b>5,518</b>	4,105	(5,168)
(Decrease)/increase in accounts payable and provisions	<b>(603)</b>	4,509	7,652
Decrease/(increase) in inventories	<b>1,113</b>	(4,788)	(13,210)
Movements in working capital classified as investing or financing activities	<b>(15)</b>	(494)	15,357
	<b>5,433</b>	5,971	6,298
Net cash flow from operating activities	<b>\$17,541</b>	\$17,943	\$33,610

# Notes to the Financial Statements

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE 6 MONTHS ENDED 31 DECEMBER 2000

## 1 Statement of Accounting Policies

The accounting policies applied in the preparation of the interim financial statements are consistent with those used in the annual report for the thirteen months ended 30 June 2000.

These interim financial statements are prepared in accordance with FRS-24 : Interim Financial Statements and should be read in conjunction with the previous annual report for the thirteen months ended 30 June 2000.

	AS AT 31 DEC 2000	AS AT 31 DEC 1999	AS AT 30 JUN 2000
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>2 Operating lease commitments</b>			
Within 1 year	<b>4,072</b>	4,032	3,922
Within 1-2 years	<b>3,639</b>	3,823	3,707
Within 2-5 years	<b>9,555</b>	9,700	9,286
Beyond 5 years	<b>5,414</b>	8,781	5,639
	<b>\$22,680</b>	<b>\$26,336</b>	<b>\$22,554</b>
<b>3 Contingent Liabilities</b>			
Guarantees under contracts and other contingent liabilities of the Group	<b>\$570</b>	<b>\$2,290</b>	<b>\$2,455</b>

## 4 Comparative Results

The comparative half year results have been restated to reflect the change in balance date last year from 31 May to 30 June.

## Consolidated Statement of Financial Performance

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES FOR THE 6 MONTHS ENDED 31 DECEMBER 2000

	6 MONTHS ENDED 31 DEC 2000	6 MONTHS ENDED 31 DEC 1999	13 MONTHS ENDED 30 JUN 2000
	\$000	\$000	\$000
<b>Sales</b>			
Continued activities	195,065	186,675	403,094
Discontinued activities	-	-	-
	195,065	186,675	403,094
<b>Profit/(loss) before interest and taxation</b>			
Continued activities	13,332	13,616	31,564
Discontinued activities	-	-	(850)
	13,332	13,616	30,714
Interest received	109	55	193
Interest paid	(1,548)	(1,814)	(3,943)
<b>Profit before taxation</b>	<b>11,893</b>	<b>11,857</b>	<b>26,964</b>
Tax expense	4,650	4,768	10,835
<b>Profit after taxation</b>	<b>7,243</b>	<b>7,089</b>	<b>16,129</b>
Minority interest in profit of subsidiary	(505)	(633)	(1,864)
<b>Profit attributable to the shareholders of the Parent company</b>	<b>\$6,738</b>	<b>\$6,456</b>	<b>\$14,265</b>

## Consolidated Statement of Movements in Equity

OF STEEL & TUBE HOLDINGS LIMITED FOR THE 6 MONTHS ENDED 31 DECEMBER 2000

	6 MONTHS ENDED 31 DEC 2000	6 MONTHS ENDED 31 DEC 1999	13 MONTHS ENDED 30 JUN 2000
	\$000	\$000	\$000
Equity at the beginning of the period	140,631	126,587	125,820
Net profit for the period	6,738	6,456	14,265
Net movement in foreign currency translation reserve	1,280	624	2,109
Total recognised revenue and expenses for the period	8,018	7,080	16,374
Increase in minority interest	505	1,544	3,702
Increase in paid-up capital	31	-	-
Dividends	(6,142)	-	(5,265)
<b>Equity at the end of the period</b>	<b>\$143,043</b>	<b>\$135,211</b>	<b>\$140,631</b>

## **D I R E C T O R Y**

### **STEEL & TUBE HOLDINGS LIMITED**

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

### **STEEL DISTRIBUTION & PROCESSING**

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

### **REINFORCING, FABRICATION & ROOFING**

15-17 Kings Crescent, Lower Hutt  
Private Box 38-887, Wellington Mail Centre  
General Manager Mr R J O'Neill

### **A J FORSYTH & COMPANY LIMITED**

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

### **AUDITORS**

PricewaterhouseCoopers

### **SHARE REGISTRY**

Computershare Registry Services Limited

### **PRINCIPAL BANKERS**

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