



STEEL & TUBE

HALF YEARLY REPORT 2001

DIRECTORS' REPORT

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2001

Results

Your Directors are pleased to report that the result for the six months ended 31 December 2001 was an after tax profit of \$9.006 million. This is an improvement of 34% or \$2.268 million when compared with the previous result.

Included in the above results are the trading profits for A J Forsyth & Company Limited up to the point of sale in October 2001, the profit obtained over book value and the subsequent costs associated with its disposal. As a result of this divestment, the Company is in a very strong financial position.

Dividend

The Directors have declared a dividend of 9 cents per share which will be paid on 8 March 2002 to holders of fully paid ordinary shares registered at 1 March 2002. The amount payable is \$7.9 million. This dividend carries full imputation credits and a supplementary dividend of 1.588 cents will be paid to non resident shareholders.

Performance

On a comparative basis for the six months to December 2001 for the continuing business in New Zealand, net profit increased by \$2.289 million or 45% on a sales revenue increase of 10%.

There has been strong demand for steel and allied products from all regions, with the exception of Auckland, resulting in similar volumes being sold compared with the same period last year.

The Steel Distribution and Processing, Metal Fasteners and Roofing operations posted substantially improved earnings due to an increase in margins and cost saving initiatives combined with the reduction of working capital.

Although sales and volumes were higher in the Reinforcing operations, profits were affected by the lack of suitable projects and margin erosion due to competition.

Outlook

The trading environment is expected to remain steady with some improvement anticipated from Auckland later in the year.

The Reinforcing operations are expected to improve in the second half due to the favourable mix of forward orders it has on hand.



DR BOB EVERY
CHAIRMAN



MR NICK CALAVRIAS
CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2001

	6 months ended 31 Dec 2001	6 months ended 31 Dec 2000	12 months ended 30 Jun 2001
	\$000	\$000	\$000
Sales			
Continuing activities	148,654	135,500	278,898
Discontinued activities	29,234	59,565	111,060
	177,888	195,065	389,958
Profit/(loss) before interest and taxation			
Continuing activities	15,305	10,231	23,406
Discontinued activities	162	3,101	4,675
	15,467	13,332	28,081
Interest received	105	109	185
Interest paid	(1,310)	(1,548)	(2,875)
Profit before taxation	14,262	11,893	25,391
Tax expense	(5,433)	(4,650)	(9,529)
Profit after taxation	8,829	7,243	15,862
Minority interest in loss/(profit) of subsidiary	177	(505)	(975)
Profit attributable to the shareholders of the Parent Company	\$9,006	\$6,738	\$14,887

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2001

	6 months ended 31 Dec 2001	6 months ended 31 Dec 2000	12 months ended 30 Jun 2001
	\$000	\$000	\$000
Equity at the beginning of the period	148,103	140,631	140,631
Net profit for the period	9,006	6,738	14,887
Net movement in foreign currency translation reserve	(5,520)	1,280	2,078
Total recognised revenue and expenses for the period	3,486	8,018	16,965
Transfer of foreign currency translation reserve to retained earnings	4,805	-	-
Increase/(decrease) in minority interest	(17,798)	505	2,732
Increase in paid up capital	-	31	60
Dividends paid	(16,678)	(6,142)	(12,285)
Equity at the end of the period	\$121,918	\$143,043	\$148,103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
AS AT 31 DECEMBER 2001

	As at 31 Dec 2001	As at 31 Dec 2000	As at 30 Jun 2001
	\$000	\$000	\$000
Equity			
Paid up capital	69,401	69,372	69,401
Reserves	-	4,722	5,520
Retained earnings	52,517	53,378	55,384
Shareholders' funds	121,918	127,472	130,305
Minority interest	-	15,571	17,798
	121,918	143,043	148,103
Non-Current Liabilities			
Term loans	-	18,670	14,584
Current Liabilities			
Borrowings	5,000	20,316	18,472
Payables and accruals	24,978	31,870	34,035
	29,978	52,186	52,507
	\$151,896	\$213,899	\$215,194
Non-Current Assets			
Fixed assets	37,817	65,108	65,823
Investments	-	-	194
Goodwill	6,435	8,940	9,109
Future income tax benefit	3,534	1,468	1,365
Long term receivables	424	420	1,059
	48,210	75,936	77,550
Current Assets			
Cash in bank	6,850	167	-
Receivables and prepayments	49,416	64,859	72,834
Inventories	47,420	72,937	64,810
	103,686	137,963	137,644
	\$151,896	\$213,899	\$215,194

CONSOLIDATED STATEMENT OF CASH FLOWS

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2001

	6 months ended 31 Dec 2001	6 months ended 31 Dec 2000	12 months ended 30 Jun 2001
	\$000	\$000	\$000
Cash Flows From Operating Activities			
Cash was provided from/(applied to):			
Receipts from customers	183,208	200,605	386,236
Interest received	105	109	185
Payments to suppliers and employees	(156,389)	(176,158)	(338,818)
Income taxes paid	(4,909)	(5,467)	(10,113)
Other taxes paid	(766)	-	-
Dividends paid to shareholders of subsidiary	(3,519)	-	-
Interest paid	(1,310)	(1,548)	(2,875)
Net cash flow from operating activities	16,420	17,541	34,615
Cash Flows From Investing Activities			
Cash was provided from/(applied to):			
Repayment of trade advance	-	214	-
Sale of fixed assets	328	293	428
Proceeds from disposal of subsidiary	16,795	-	-
Purchase of subsidiary/assets (2,272)	-	-	-
Purchase of fixed assets	(2,183)	(2,172)	(5,018)
Net cash flow from/(to) investing activities	14,940	(1,665)	(6,862)
Cash Flows From Financing Activities			
Cash was provided from/(applied to):			
Borrowings	640	(10,790)	(25,192)
Call on shares	-	31	60
Dividends to parent shareholder	(8,457)	(3,088)	(6,203)
Dividends to other shareholders	(8,221)	(3,054)	(6,082)
Net cash flow to financing activities	(16,038)	(16,901)	(37,417)
Net cash flow	15,322	(1,025)	(9,664)
Opening cash brought forward	(8,472)	1,192	1,192
Closing cash carried forward	\$6,850	\$167	(\$8,472)
Cash is comprised of:			
Bank overdraft/call borrowings	-	-	(8,472)
Cash in bank	6,850	167	-
	\$6,850	\$167	(\$8,472)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

OF STEEL & TUBE HOLDINGS LIMITED AND ITS SUBSIDIARIES
FOR THE 6 MONTHS ENDED 31 DECEMBER 2001

	6 months ended 31 Dec 2001 \$000	6 months ended 31 Dec 2000 \$000	12 months ended 30 Jun 2001 \$000
Reconciliation of Profit After Taxation To Cash Flow From Operating Activities			
Profit after taxation	8,829	7,243	15,862
Add/(less) items classified as Investing or Financing activities:			
Gain on sale of fixed assets (81)	(29)	(41)	
Gain on disposal of subsidiary (81)	(1,422)	–	–
	(1,451)	(41)	
Add non cash items:			
Depreciation	3,070	3,516	6,969
Bad debts written off	1,401	486	937
Amortisation of goodwill	749	1,054	1,659
Shares from demutualisation	–	–	(194)
Increase in future income tax benefit (47)	(557)	(150)	
	4,663	4,906	9,324
Movements in working capital items:			
Increase/(decrease) in income tax payable	315	(580)	(622)
Decrease/(increase) in receivables and prepayments	6,214	5,518	(3,291)
(Decrease)/increase in payables and accruals	(1,439)	(603)	1,562
Decrease/(increase) in inventories	1,347	1,113	9,240
Movements in working capital classified as investing or financing activities	(2,058)	(15)	2,621
	4,379	5,433	9,510
Net cash flow from operating activities	\$16,420	\$17,541	\$34,615

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 31 DECEMBER 2001

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 twelve months ended 30 June 2001. 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 twelve months ended 30 June 2001.

	As at 31 Dec 2001	As at 31 Dec 2000	As at 30 Jun 2001
	\$000	\$000	\$000
2 Operating lease commitments:			
Within 1 year	3,795	4,072	4,716
Within 1-2 years	3,459	3,639	3,798
Within 2-5 years	8,184	9,555	9,311
Beyond 5 years	2,549	5,414	4,610
	17,987	22,680	22,435

3 Contingent Liabilities

Guarantees under contracts and other contingent liabilities of the Group

	753	570	900
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DIRECTORY

Steel & Tube Holdings Limited

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

Steel Distribution & Processing

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

Reinforcing, Fabrication & Roofing

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

Auditors

PricewaterhouseCoopers

Share Registry

Computershare Registry Services Limited

Principal Bankers

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

