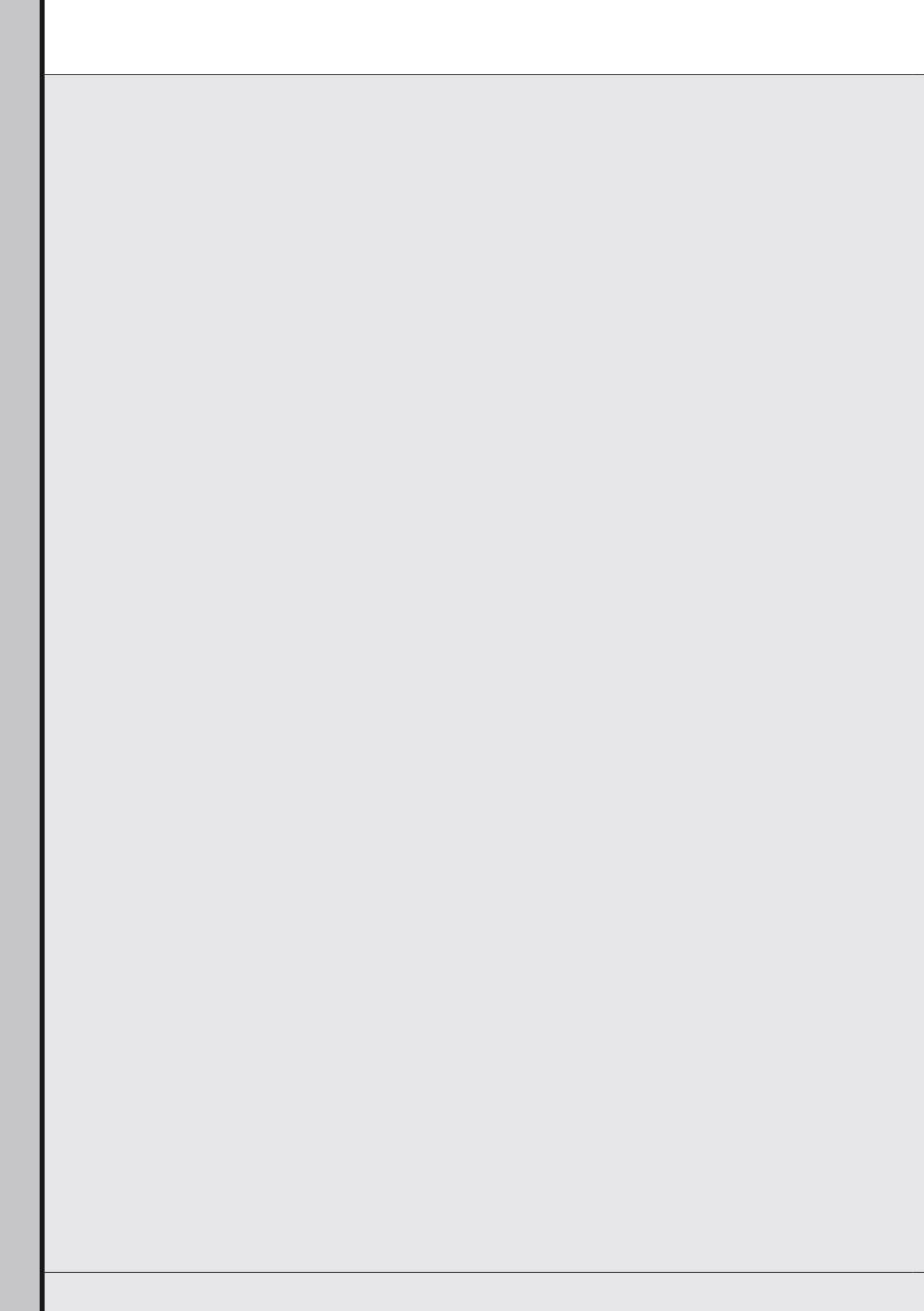


STEEL&TUBE
HALF YEAR REPORT 2008



Directors' Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

Results

The Directors present the unaudited consolidated financial statements for the 2008 half-year that were authorised for issue on 14 February 2008. The result for the six months ended 31 December 2007 was an after-tax profit of \$8.57 million which includes a restructuring provision of \$1.57 million for the Hurricane Wire Products operation.

This compares with the \$14.75 million recorded in the previous corresponding period.

Dividend

Directors have declared an interim dividend of 9 cents per share which will be paid on 31 March 2008 to holders of fully-paid ordinary shares registered at 14 March 2008. The amount payable is \$7.94 million. This dividend carries full imputation credits and a supplementary dividend of 1.588 cents will be paid to non-resident shareholders.

Performance

The first half trading result of \$10.136 million was in line with indications given at the annual meeting in November.

Restructuring of the Hurricane Wire operation is being undertaken to reduce the operating costs of the business so that it can compete more favourably in the current trading environment. This action is consistent with the Chief Executive's comments at the shareholders meeting in November 2007 and will be completed before the end of the financial year.

Although sales increased by \$16.06 million to \$245.55 million, gross profit was adversely affected primarily due to steel price volatility and competitive pressures, leading to margin erosion during the period.

Directors' Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

CONTINUED . . .

The Company's three key market segments of construction, manufacturing and the rural sectors all suffered to a varying degree as the combination of exchange rate volatility, high interest rates and reduced growth in consumer spending slowed the economy.

The manufacturing sector had to contend with a volatile currency and the rising cost of doing business, while the commercial construction sector was affected by escalating finance costs. Construction of residential housing was also affected as the cost to service mortgages increased substantially, at the same time that net immigration more than halved from the year before.

Although dairy commodity prices increased rapidly during the year giving dairy farmers a substantial boost to their incomes, the difficult trading conditions experienced over the last few years for sheep and beef farmers have not improved.

Outlook

The New Zealand economy is expected to stay soft in the near term as growth in consumer spending slows, and business activity copes with the increased costs of doing business, and a volatile currency.

Dairy farmers will benefit this year from the rapid rise in world commodity prices for dairy products, adding an extra \$3 billion to the economy.

Construction of residential housing is slowing, however, commercial activity and infrastructure projects relating to the 2011 Rugby World Cup are due to commence late in 2008 which will provide a welcome boost to the commercial construction sector.

International steel prices and supply volatility have been key issues that have impacted on the Company's financial results these past few years. Substantial price increases for input costs to make steel, such as iron ore, coal and scrap metal, coupled with an increased global demand for steel products, are once again pushing the price of replacement steel inventory up. As a result of this, the domestic price of steel products will increase substantially as new inventory arrives with the expectation of further increases to follow. This is likely to assist us as the year progresses.

Domestic economic growth however remains a significant risk as consumer spending adjusts to the correction in the housing market. Exports could also come under threat if the weakening American economy spreads to Europe and Asia.

Provided that the economy does not slow further, the Company remains comfortable with the guidance provided at the Annual Meeting that the second half profit will be in line with last year's comparable period.

In summary trading conditions are expected to remain tough in the short term, with some upside prospect late in calendar year 2008.



Dean Pritchard

Chairman

14 February 2008



Nick Calavrias

Chief Executive Officer

CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Unaudited 2007 \$000	Unaudited 2006 \$000
Sales revenue		245,553	229,487
Cost of sales		(193,559)	(172,476)
Gross profit		51,994	57,011
Other operating income		21	168
Distribution and selling expenses		(16,001)	(15,800)
Administration expenses		(8,571)	(8,772)
Other operating expenses		(9,137)	(8,491)
Restructuring expenses	1	(2,345)	–
Operating earnings before financing costs		15,961	24,116
Interest income		168	97
Interest expense		(3,102)	(2,125)
Profit before tax		13,027	22,088
Tax expense		(4,462)	(7,336)
Profit after tax		8,565	14,752
Basic earnings per share (cents)		9.7	16.7
Diluted earnings per share (cents)		9.7	16.7

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	2007 \$000	2006 \$000
Equity at beginning of period	138,780	139,136
Net profit for the period	8,565	14,752
Share capital	–	251
Treasury shares	(143)	(73)
Hedging reserve	80	–
Dividends paid	(12,324)	(14,947)
Equity at end of period	134,958	139,119

CONSOLIDATED INTERIM BALANCE SHEET

AT 31 DECEMBER 2007

	Unaudited 2007 \$000	Unaudited 2006 \$000	Audited Jun 2007 \$000
Note			
Current assets			
Inventories	82,912	90,405	91,203
Trade and other receivables	77,806	72,669	86,412
Income tax refund	1,169	–	881
	<u>161,887</u>	<u>163,074</u>	<u>178,496</u>
Non-current assets			
Property, plant and equipment	56,697	44,401	46,964
Intangibles	20,258	20,201	20,219
Deferred tax assets	2,572	3,688	3,184
	<u>79,527</u>	<u>68,290</u>	<u>70,367</u>
Total assets	<u>241,414</u>	<u>231,364</u>	<u>248,863</u>
Current liabilities			
Borrowings	57,368	38,858	54,671
Trade and other payables	30,129	34,782	38,848
Provisions	2,617	415	300
Income tax payable	–	1,647	–
	<u>90,114</u>	<u>75,702</u>	<u>93,819</u>
Non-current liabilities			
Borrowings	15,000	15,000	15,000
Provisions	1,342	1,543	1,264
	<u>16,342</u>	<u>16,543</u>	<u>16,264</u>
Equity			
Share capital	70,637	70,300	70,637
Treasury shares	(797)	(779)	(654)
Hedging reserve	(534)	–	(614)
Retained earnings	65,652	69,598	69,411
	<u>134,958</u>	<u>139,119</u>	<u>138,780</u>
Total equity and liabilities	<u>241,414</u>	<u>231,364</u>	<u>248,863</u>

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Unaudited 2007 \$000	Unaudited 2006 \$000
Operating activities		
Customers receipts	253,582	233,389
Interest receipts	168	97
Payments to suppliers and employees	(223,884)	(215,461)
Income tax payments	(4,138)	(5,638)
Interest payments	(3,102)	(2,125)
	22,626	10,262
Investing activities		
Property, plant and equipment disposals	102	166
Property, plant and equipment purchases	(12,958)	(4,523)
Treasury shares	(143)	(73)
	(12,999)	(4,430)
Financing activities		
Share capital	–	251
Dividends paid	(12,324)	(14,947)
	(12,324)	(14,696)
Net movement in cash and cash equivalents	(2,697)	(8,864)
Cash and cash equivalents at beginning of period	(54,671)	(29,994)
Cash and cash equivalents at end of period	(57,368)	(38,858)
Reconciliation of profit after tax to cash flows from operating activities		
Profit after tax before adjustments for:	8,565	14,752
Property, plant and equipment	97	(83)
Depreciation and amortisation	2,987	3,059
Deferred tax	612	(260)
	12,261	17,468
Changes in:		
Income tax	(288)	1,958
Inventories	8,291	(10,913)
Trade and other receivables	8,606	4,673
Trade and other payables	(6,244)	(2,924)
	22,626	10,262

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Steel & Tube Holdings Limited is registered under the Companies Act 1993 and is an issuer on the New Zealand Stock Exchange for the purposes of the Financial Reporting Act 1993. The Group comprises Steel & Tube Holdings Limited and its subsidiaries.

Statement of compliance

The Group is a profit-oriented entity and its consolidated interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with NZIAS 34 Interim Financial Reporting.

Accounting policies

The accounting policies have been applied to all periods presented in the interim financial statements and are consistent with those used in the annual report for the year ended 30 June 2007. There were no changes to the accounting policies.

1. Restructuring expenses

During the period ended 31 December 2007 the Group committed to a plan to restructure the Hurricane Wire operations. The Group has recognised a provision of \$2.3 million (2006: nil) for expected restructuring costs including redundancy costs, fixed assets and inventory write-offs.

2. Contingent liabilities

Guarantees on contracts at 31 December 2007 were \$0.5 million (2006: \$0.5 million) and were transacted in the ordinary course of business.

3. Subsequent event

On 14 February 2008 the Board declared a fully-imputed dividend of 9 cents per share (\$7.9 million) and a supplementary dividend to non-resident shareholders of 1.588 cents per share. The dividends will be paid to shareholders on 31 March 2008.

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Steel & Tube Distribution & Processing

Steel & Tube Industrial Products

Steel & Tube Fastening Systems

Steel & Tube Piping Systems

Steel & Tube Reinforcing & Fabrication

Steel & Tube Stainless

Steel & Tube Roofing Products

Hurricane Wire Products

Share Registry

Computershare Investor Services Limited
Private Bag 92-119, Auckland 1142
Ph: 09 488 8777 Fx: 09 488 8787
Email: enquiry@computershare.co.nz
Website: www.computershare.com

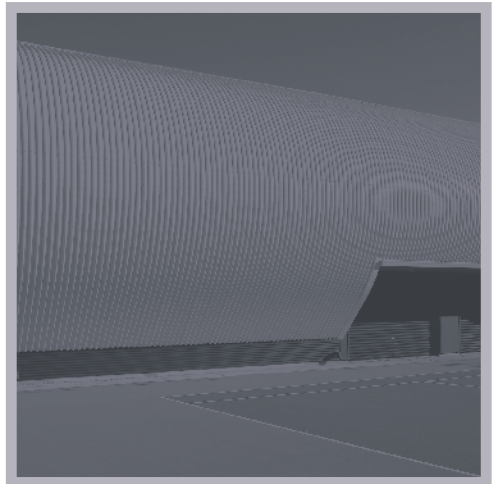
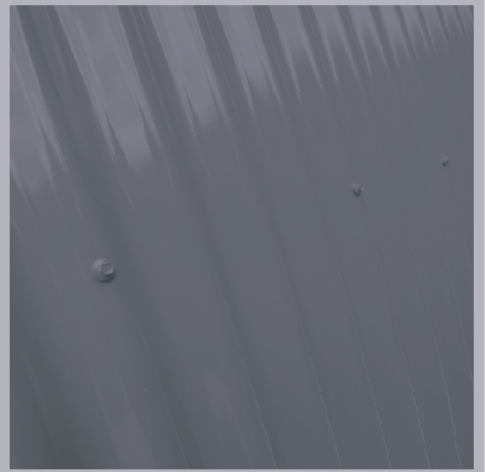
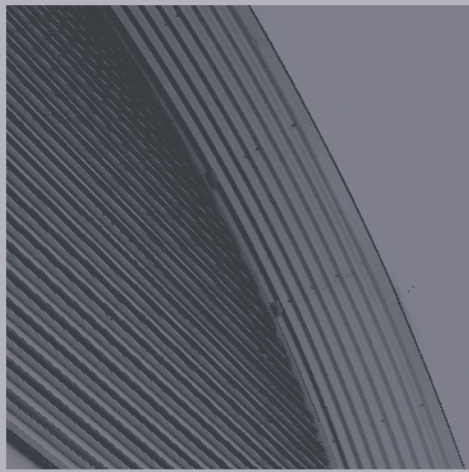
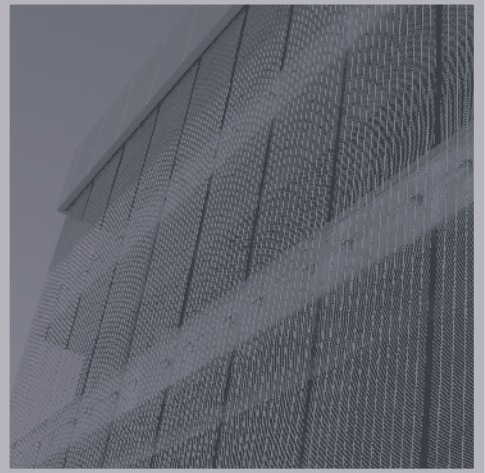
Auditors

PricewaterhouseCoopers

Bankers

ANZ National Bank Limited
Bank of New Zealand Limited





Steel & Tube Holdings Limited

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