

**ASX RELEASE**

11 February 2010

**STEEL & TUBE HOLDINGS LIMITED - HALF YEAR RESULTS**

OneSteel Limited (ASX:OST) has a 50.3% shareholding in Steel & Tube Holdings Limited (NZSX:STU), a public listed company in New Zealand which processes and distributes a comprehensive range of steel and allied products in the construction, manufacturing and rural industries in New Zealand.

Attached is a copy of Steel & Tube Holdings Limited's half year results which were released to the New Zealand Stock Exchange today.



Kara Nicholls  
Company Secretary  
OneSteel Limited

Further information about OneSteel Limited can be accessed via the website [www.onesteel.com](http://www.onesteel.com)

## **Directors' Report**

### **For the Half Year Ended 31 December 2009**

#### **Results**

The Directors present the unaudited consolidated financial statements for the 2010 half year that were authorised for issue on 11 February 2010. The first-half trading result to 31 December 2009 of \$3.2 million after tax was a decrease of \$17.6 million when compared with the same period last year.

Sales at \$190.6 million were \$83.1 million lower than the corresponding period due to the effect of lower demand and reduced steel prices.

Continued focus on inventory levels, debtors management and discretionary expenses has resulted in a \$27.3 million positive operating cash flow compared to a negative \$8.8 million for the same period last year.

The net tangible assets per share at 31 December 2009 were \$1.43 compared to \$1.52 at 31 December 2008.

#### **Dividend**

Directors have declared a fully-imputed interim dividend of 3.5 cents per share to be paid on 31 March 2010 to holders of fully-paid ordinary shares registered at 12 March 2010. The amount payable is \$3.1 million and where applicable a supplementary dividend of 0.6 cents will be paid to non-resident shareholders.

#### **Performance**

The Company experienced as expected, soft trading conditions during the first half as the impact of the Global Financial Crisis continued to be felt. Commercial construction approval values declined, while residential approvals increased but off a very low base. Manufacturers have continued to battle with the volatile exchange rate but rural communities have been encouraged by escalating prices for dairy products.

Strong competition for reduced volumes and declining steel prices has squeezed margins. Our customers continued to pursue all opportunities to reduce costs as they also struggled to deal with the impact of the downturn, putting further pressure on margins.

As indicated at the Annual Meeting, this first half was worse than the second half of the last financial year with all sectors of the business deteriorating in volume and profitability. Volume stabilised toward the end of the half year and pricing also steadied. Focus on costs and business improvements have yielded greater savings than initial expectations. Similarly continued focus on debtors and inventory management enabled improvements to be made throughout the first half.

Despite the trading environment, health and safety performance continued to improve with zero lost time incidents and only three medical treatment injuries sustained during the half year.

## **Outlook**

Economic indicators show that the recessionary trading conditions have ended and a period of growth is ahead. The strength and sustainability of any pick up in activity is still uncertain as economic conditions show varying growth rates across our trading partners.

Global steel pricing volatility continues as the industry struggles to balance production with varying demand requirements from the market. This combined with a volatile New Zealand Dollar means domestic steel prices continue to see considerable variations.

Business sentiment and confidence is increasing along with consumer confidence. However, unemployment is expected to increase, and recent uncertainty around the housing market may restrain to some degree, future housing sales and prices. Residential construction permits are increasing although from a low base, driven by increasing positive net migration, low interest rates and a shortage of dwellings. Activity remains subdued in the commercial construction and manufacturing sectors. The rural sector, with the exception of dairy, where increasing milk powder prices are encouraging, is also relatively subdued.

Overall there are early signs that conditions may be slowly improving but the key issue is the uncertainty around the extent and timing of the recovery. The impact of any recovery is likely to have a limited or minimal effect on the Company this financial year. It is expected, however, that the second half of the financial year will produce results ahead of those achieved in the first six months.

In summary, market conditions in the short term are expected to be difficult but will gradually improve as the second half progresses, and the Company with a gearing ratio of 19% is well positioned for any upturn.

For further information, please contact Dave Taylor, Chief Executive Officer, Steel & Tube Holdings Limited on (04) 570-5001.

Dean Pritchard  
Chairman

Dave Taylor  
Chief Executive Officer

11 February 2010

**Appendix 1**  
**Results for Announcement to the Market**  
**Steel & Tube Holdings Limited and Subsidiaries**  
**Consolidated Interim Accounts for the half year ended 31 December 2009**

Reporting Period 6 months to 31 December 2009  
 Previous Reporting Period 6 months to 31 December 2008

	Amount \$000	% Change
Revenue from ordinary activities	190,638	(30%)
Net profit after tax attributable to security holders	3,173	(85%)

	Dec-09	Dec-08
Net tangible assets per share	\$1.43	\$1.52

	Amount per security	Imputed amount per security
Interim dividend	\$0.035	\$0.0170
Supplementary dividend	\$0.006	
Record date	12 March 2010	
Payment date	31 March 2010	
Comments	Refer separate attachment	

The consolidated interim financial statements have been prepared in accordance with, and comply with, NZ IAS 34 and IAS 34 'Interim Financial Reporting' and New Zealand Generally Accepted Accounting Practice.

**Consolidated Interim Statement of Comprehensive Income**  
**for the half-year ended 31 December 2009**

	Unaudited 2009 \$000	Unaudited 2008 \$000
Sales revenue	190,638	273,787
Cost of sales	<b>(155,330)</b>	(202,755)
Gross profit	<b>35,308</b>	71,032
Other operating income	223	374
Selling expenses	<b>(13,511)</b>	(15,737)
Administration expenses	<b>(6,691)</b>	(8,699)
Other operating expenses	<b>(9,647)</b>	(13,627)
<b>Operating earnings before financing costs</b>	<b>5,682</b>	33,343
Interest income	105	350
Interest expense	<b>(1,237)</b>	(4,073)
<b>Profit before tax</b>	<b>4,550</b>	29,620
Tax expense	<b>(1,377)</b>	(8,826)
<b>Profit after tax</b>	<b>3,173</b>	20,794
Other comprehensive income - hedging reserve	409	(9)
<b>Total comprehensive income</b>	<b>3,582</b>	20,785
Basic earnings per share (cents)	<b>3.6</b>	23.6
Diluted earnings per share (cents)	<b>3.6</b>	23.5

**Consolidated Interim Statement of Changes in Equity  
for the half-year ended 31 December 2009**

	Unaudited 2009 \$000	Unaudited 2008 \$000
Equity at beginning of period	150,143	141,834
Total comprehensive income	3,582	20,785
Transactions with equity holders:		
Treasury shares	(12)	(190)
Dividends paid	(7,932)	(8,796)
<b>Equity at end of period</b>	<b>145,781</b>	<b>153,633</b>

**Consolidated Interim Balance Sheet  
at 31 December 2009**

	Unaudited 2009 \$000	Unaudited 2008 \$000	Audited June 2009 \$000
<b>Current assets</b>			
Inventories	74,847	133,992	90,837
Trade and other receivables	53,618	82,928	67,234
Income tax receivable	1,151	-	-
	<b>129,616</b>	<b>216,920</b>	<b>158,071</b>
<b>Non-current assets</b>			
Property, plant and equipment	52,753	55,079	53,883
Intangibles	20,014	20,118	20,070
Deferred tax	2,744	4,132	3,101
	<b>75,511</b>	<b>79,329</b>	<b>77,054</b>
<b>Total assets</b>	<b>205,127</b>	<b>296,249</b>	<b>235,125</b>
<b>Current liabilities</b>			
Borrowings	5,117	63,090	7,502
Borrowings - term loans	25,000	20,000	35,000
Trade and other payables	27,718	32,401	34,215
Derivative financial instruments	50	(373)	624
Provisions	379	450	500
Income tax payable	-	5,393	1,096
	<b>58,264</b>	<b>120,961</b>	<b>78,937</b>
<b>Non-current liabilities</b>			
Borrowings - term loans	-	20,000	5,000
Provisions	1,082	1,655	1,045
	<b>1,082</b>	<b>21,655</b>	<b>6,045</b>
<b>Equity</b>			
Share capital	71,252	70,637	71,252
Treasury shares	(926)	(976)	(914)
Hedging reserve	(35)	261	(444)
Retained earnings	75,490	83,711	80,249
	<b>145,781</b>	<b>153,633</b>	<b>150,143</b>
<b>Total equity and liabilities</b>	<b>205,127</b>	<b>296,249</b>	<b>235,125</b>

**Consolidated Interim Statement of Cash Flows  
for the half-year ended 31 December 2009**

	Unaudited 2009 \$000	Unaudited 2008 \$000
<b>Operating activities</b>		
Customers receipts	203,933	287,607
Interest receipts	105	350
Payments to suppliers and employees	(172,205)	(287,946)
Income tax payments	(3,267)	(4,715)
Interest payments	(1,237)	(4,073)
	<u>27,329</u>	<u>(8,777)</u>
<b>Investing activities</b>		
Property, plant and equipment disposals	164	1,290
Property, plant and equipment purchases	(2,164)	(2,789)
	<u>(2,000)</u>	<u>(1,499)</u>
<b>Financing activities</b>		
Borrowings - term loans	(15,000)	10,000
Treasury shares	(12)	(190)
Dividends paid	(7,932)	(8,796)
	<u>(22,944)</u>	<u>1,014</u>
Net movement in cash and cash equivalents	2,385	(9,262)
Cash and cash equivalents at beginning of period	(7,502)	(53,828)
<b>Cash and cash equivalents at end of period</b>	<u>(5,117)</u>	<u>(63,090)</u>

**Reconciliation of profit after tax to cash flows from**

Profit after tax	3,173	20,794
Non-cash adjustments:		
Gain on property, plant and equipment disposals	(47)	(284)
Depreciation and amortisation	3,233	3,334
Deferred tax	357	(1,216)
Working capital changes:		
Income tax	(2,247)	5,327
Inventories	15,990	(46,151)
Trade and other receivables	13,616	17,094
Trade and other payables	(6,746)	(7,675)
	<u>27,329</u>	<u>(8,777)</u>

**Subsequent event**

On 11 February 2010 the Board declared a fully-imputed dividend of 3.5 cents per share (\$3.1 million) and a supplementary dividend to non-resident shareholders of 0.6 cents per share. The dividends will be paid to shareholders on 31 March 2010.

**TO FAX ++64-4-473-1470**

## Notice of event affecting securities

New Zealand Stock Exchange Listing Rule 7.12.2. For rights, Listing Rules 7.10.9 and 7.10.10.  
For change to allotment, Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one  
(Please provide any other relevant details on additional pages)

1

Full name of Issuer	STEEL & TUBE HOLDINGS LIMITED		
Name of officer authorised to make this notice	A C Candy	Authority for event, e.g. Directors' resolution	Directors' Resolution
Contact phone number	(04) 570-5000	Contact fax number	(04) 569-4218
		Date	11 / 2 / 2010

**Nature of event** Tick as appropriate

Bonus Issue <input type="checkbox"/>	If ticked, state whether: Taxable <input type="checkbox"/> / Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/>	Call <input type="checkbox"/>	Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input checked="" type="checkbox"/> Full Year <input type="checkbox"/> Special <input type="checkbox"/>

**EXISTING securities affected by this** *If more than one security is affected by the event, use a separate form.*

Description of the class of securities	Ordinary Shares	ISIN	NZSTUE000155
			<i>If unknown, contact NZX</i>

**Details of securities issued pursuant to this event** *If more than one class of security is to be issued, use a separate form for each class.*

Description of the class of securities	[Empty Box]	ISIN	[Empty Box]
			<i>If unknown, contact NZX</i>
Number of Securities to be issued following event	[Empty Box]	Minimum Entitlement	[Empty Box]
Conversion, Maturity, Call Payable or Exercise Date	[Empty Box]	Treatment of Fractions	[Empty Box]
	<i>Enter N/A if not applicable</i>		
Strike price per security for any issue in lieu or date Strike Price available.	[Empty Box]	Tick if <i>pari passu</i> <input type="checkbox"/> OR provide an explanation of the ranking	[Empty Box]

**Monies Associated with Event** *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

<i>In dollars and cents</i>		Source of Payment	88,372,240 ordinary shares
Amount per security	3.5 cents per share	Supplementary dividend details - Listing Rule 7.12.7	Amount per security in dollars and cents: \$0.006176
Currency	NZ Dollars	Date Payable	31 / 03 / 2010
Total monies	\$3,093,028.40		

**Taxation** *Amount per Security in Dollars and cents to six decimal places*

In the case of a taxable bonus issue state strike price	\$ [Empty Box]	Resident Withholding Tax	\$ [Empty Box]	Credits (Give details)	\$0.017239
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**Timing** (Refer Appendix 8 in the Listing Rules)

<b>Record Date 5pm</b> <i>For calculation of entitlements - must be the last business day of a week</i>	12 / 03 / 2010	<b>Application Date</b> <i>Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.</i>	[Empty Box]
<b>Notice Date</b> <i>Entitlement letters, call notices, conversion notices mailed</i>	[Empty Box]	<b>Allotment Date</b> <i>For the issue of new securities. Must be within 5 business days of record date.</i>	[Empty Box]

**OFFICE USE ONLY**  
Ex Date:  
Commence Quoting Rights:  
Cease Quoting Rights 5pm:  
Commence Quoting New Securities:  
Cease Quoting Old Security 5pm:

Security Code:  
Security Code:

