

ASX RELEASE

12 August 2010

STEEL & TUBE HOLDINGS LIMITED - FULL 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 full 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

Review of Operations

Group profit after tax for the full year was \$5.7 million compared to \$26.1 million the previous year. This included a \$4.2 million one-off charge in tax expense related to the removal of tax depreciation on buildings as announced in the New Zealand Government's May 2010 budget.

Underlying profit at \$9.9 million is a decrease of \$16.2 million or 62% when compared to the previous year. Sales at \$380 million were \$104 million lower than last year primarily due to lower steel prices.

Previously announced results for the six months to 31 December 2009 were sales revenue of \$191 million and net profit after tax of \$3.2 million. For the second half, sales were \$189 million and underlying net profit after tax was \$6.7 million.

A final dividend of 5 cents per share was declared.

New Chief Executive

I have joined Steel & Tube at a challenging time for the Company and the New Zealand steel market. Steel & Tube is a strong Company with significant potential and with the market showing signs of recovery, albeit slow and perhaps somewhat uncertain, the Company is ready for a fresh perspective, and is motivated to meet the challenge.

Market Conditions

Market conditions for the period continued to decline with many sectors deeply affected by the continued impact of the Global Economic Crisis. The New Zealand steel industry was no exception. This financial year has been one of the most difficult trading years in Steel & Tube's history, yet despite this and a poor first half result, initiatives employed by the Company to manage through these tough times generated an improved second half result.

Although the New Zealand economy produced a slight recovery in the later half of 2009 and early 2010, the flow-on effects of this recovery did not significantly impact those industries important to Steel & Tube. Many sectors continued to struggle with market volatility, competitive pressures and reduction in demand.

The construction industry continued to be affected by weakness in property markets and the property development sector in particular. Non Residential construction for the 12 months to June 2010 was down 18%. Major segments of the construction sector were down on the previous year's consent figures with office construction down a significant 42%. The exception to the decline was the contribution from construction projects associated with the Rugby World Cup 2011 and government infrastructure, including hospitals, education facilities and major roading projects.

The residential market has shown signs of recovery but from a very low base, and certainly not to the extent expected earlier in the year.

Although parts of the manufacturing sector remain under pressure, slightly increased demand was seen late in the period for those selling into the Australian market. Conversely, manufacturing for local demand continued to find market conditions tough and tightening of credit facilities contributed to an overall contraction of the sector.

Rural industries continued to demonstrate a slow recovery. The sector experienced a period of significant volatility and stress, driven by volatile dairy prices, a tightening in credit conditions and drought affecting some farming regions. Dairy prices rebounded strongly in the latter half of 2009.

In other major sectors, Oil and Gas projects were reasonably strong and will remain so for the next few years. Development in the Taranaki Basin continues to yield solid and steady business for the Company.

World steel production increased 14% from July 2009 to June 2010 as steel mills restarted production in the belief that market demand would grow during the period. As a consequence, supply of steel products was much improved on the previous year and with increasing raw material prices, international steel prices increased in the second half.

Company Performance

The domestic demand for steel products for the 12 months to June 2010 was down by 6% on the previous year and 26% from the highs of two years ago. Despite the subdued market conditions, Steel & Tube has maintained a steady market share position in its core products. Strong competition saw margins impacted, although they recovered to some degree in the second half year.

The Distribution business comprising Steel, Stainless Steel, Fastening Systems, Piping Systems and Wholesale, in aggregate saw a reduction in sales revenue of 25% on 2% less volume over the full year. Piping Systems and Stainless product groups performed relatively well in the period, reflecting the completion of major projects in the dairy processing and oil and gas sectors. Fire protection was also an influential segment for the Piping Systems product range, assisted through several Rugby World Cup 2011 projects and a number of major hospital redevelopments throughout the country.

The Manufacturing business, renamed Processing, comprising Roofing Products, Reinforcing, Fabrication and Hurricane Wire Products, in aggregate saw a reduction in sales revenue of 16% on 5% less volume over the full year. Government infrastructure projects continued to generate much needed work particularly with major roading projects in Auckland. Notably, the Newmarket Viaduct Replacement and the Victoria Park Tunnel projects positively impacted Steel & Tube's reinforcing product range during the period and will continue to do so into the future.

As part of the facilities rationalisation, the Roofing and Purlins Auckland operations moved into a new purpose built facility in Highbrook. Development of New Plymouth's new facility commenced during the year. Planned to open late 2010, the facility will substantially increase the business capacity for the Taranaki region and offer a more cost efficient operation. Steel & Tube's Stonedon Drive operation in East Tamaki, Auckland is undergoing further expansion to add 1,800m² of warehouse space for the Steel Processing operation.

Commitment to Health & Safety

Steel & Tube remains committed to the health and safety of our employees. This year's health and safety performance showed further improvement on the previous year's result, reflecting the Company's 'zero harm' focus. No Lost Time Injuries (LTIs) occurred and Medical Treatment Injuries (MTIs) reduced to 7 compared to 10 MTIs in the prior year.

The Company continues to work to improve the health & safety performance and care for its employees and contractors through the Company's iCare programme.

Managing for the times

The decline in market conditions generated a number of initiatives within Steel & Tube to ensure that the business was "right sized" for the period and beyond. Many initiatives were undertaken to reduce overheads within the business and to strengthen the balance sheet.

These initiatives have seen the rationalisation of premises with 4 sites merged into other locations and plans for a further consolidation. Operating expenses reduced by \$11.8 million compared to prior year including approximately \$6 million in labour force reductions over the course of the year.

In strengthening the balance sheet, focus has again been applied to cash management that has seen the Company's exposure to debtors reduced, and further inventory reductions during the year. Steel & Tube have continued to actively manage debtors to minimise exposure to potential customer insolvency. Interest rate reductions combined with reduced borrowings for capital management improvements saw interest costs reduce by around \$4 million.

The full extent of some cost reductions and cash management initiatives will continue to flow into the business over the following year, as some measures were initiated later in the period.

Listening to our Customers

In early 2010, Steel & Tube conducted a comprehensive survey of steel and allied product customers. The aim of the survey was to establish the key drivers of the relationship with those customers and their attitude to Steel & Tube's performance.

Overall, Steel & Tube fared well against all drivers when compared to other competitors in the market and were the most preferred choice of supplier of the consumers surveyed. The detail results will be used to improve our service levels and performance to maintain our leadership in the New Zealand steel market.

Outlook

Although the economy has now entered its second year of recovery and should be gaining momentum, the economic outlook from a Company perspective remains subdued, with growth expected to be slow and gradual with a degree of uncertainty in some sectors.

Business confidence has fallen sharply from the highs in February across virtually every sector. Households remain cautious and consumer spending is restrained.

Housing, although recovering from 40 year lows, continues to remain sluggish with house prices still under downward pressure. This is compounded by reducing net migration inflows.

Of particular concern is the lack of private investment in the non residential construction market and the commercial construction sector, with the potential for further retraction over the next 12 months.

Government infrastructure spending is providing some relief by partially filling the construction gaps created following completion of several of the world cup projects.

Although the rural sector had started to show some signs of recovery on the back of strengthening global dairy wholesale prices, recent price declines may lead to further caution by farmers.

Manufacturing and exports have continued to gather pace, particularly to Australia aided by the currency exchange rate, and to China. This is expected to continue.

Global steel demand has continued to recover from the early 2009 lows, led predominantly by China. However the industry continues to wrestle with matching production to demand, leading to temporary product surpluses or deficits. This coupled with shorter term raw material contracts, is prolonging international steel pricing volatility.

In the first half of the new financial year, the Company expects to see continued pressure on volumes with the declines in non residential construction being offset by gradual increases in other sectors.

The recent domestic steel price increases flowing on from rising global steel pricing in the first half of 2010, may come under more pressure if global prices now continue to soften, squeezing margins again.

Imminent tax changes for both individuals and companies should provide stimulus to the retail sector, assist a recovery in business investment, enhance profitability and encourage economic growth.

We have continued to reposition the business to reflect the current and foreseeable economic environment in addition to progressing key elements of our revised strategy.

The Company remains in very good shape with strong cash flows and a strong balance sheet and is well positioned for the future.

Appendix 1

Steel & Tube Holdings Limited		
Results for Announcement to the Market		
Reporting Period	12 months to 30 June 2010	
Previous Reporting Period	12 months to 30 June 2009	
	Amount (\$000)	Percentage change
Revenue from ordinary activities	379,993	(22%)
Profit before tax	14,209	(62%)
Tax expense - operating income	(4,306)	(61%)
Tax expense - tax legislation changes	(4,189)	N/A
Profit after tax attributable to security holders	5,714	(78%)
	Current year	Prior year
Net tangible assets per share	\$1.42	\$1.47
	Amount per security	Imputed amount per security
Final dividend	5.0 cents	2.14 cents
Supplementary dividend	0.8824 cents	
Record date	17 September 2010	
Payment date	30 September 2010	
Comments	Refer to separate attachment	

The financial statements have been prepared in accordance, and comply, with, New Zealand Generally Accepted Accounting Practice (NZ GAAP), New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), the International Financial Reporting Standards (IFRS), the Financial Reporting Act 1993, the Companies Act 1993.

The Group operates in one industry in New Zealand and its activities relate to the distribution, fabrication and processing of steel and allied products. The financial statements are in the process of being audited.

Steel & Tube Holdings Limited
Statement of Comprehensive Income
For the year ended 30 June 2010

	Notes	Group		Parent	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
Sales revenue		379,993	484,482	379,993	484,482
Cost of sales	4	(304,488)	(370,042)	(304,488)	(370,042)
Gross profit		75,505	114,440	75,505	114,440
Other operating income		511	655	511	1,033
Selling expenses	4	(25,596)	(30,285)	(25,596)	(30,285)
Administration expenses	4	(14,619)	(16,435)	(14,619)	(16,435)
Other operating expenses	4	(19,882)	(25,141)	(19,882)	(25,076)
Operating earnings before financing costs		15,919	43,234	15,919	43,677
Interest income		232	544	232	535
Interest expense		(1,942)	(6,472)	(1,942)	(6,472)
Profit before tax		14,209	37,306	14,209	37,740
Tax expense - operating income	5	(4,306)	(11,177)	(4,306)	(11,264)
Tax expense - tax legislation changes	5	(4,189)	-	(4,189)	-
Profit after tax		5,714	26,129	5,714	26,476
Other comprehensive income - hedging reserve	19a	668	(714)	668	(714)
Total comprehensive income		6,382	25,415	6,382	25,762
Basic earnings per share (cents)	15	6.5	29.6	6.5	30.0
Diluted earnings per share (cents)	15	6.5	29.6	6.5	30.0

Steel & Tube Holdings Limited
Statement of Changes in Equity
For the year ended 30 June 2010

	Notes	Share capital \$000	Retained earnings \$000	Hedging reserve \$000	Treasury shares \$000	Total equity \$000
Group						
Balance at 1 July 2008		70,637	71,713	270	(786)	141,834
Comprehensive income						
Profit after tax		-	26,129	-	-	26,129
Other comprehensive income - hedging reserve		-	-	(714)	-	(714)
Transactions with owners						
Dividends paid	16	-	(17,593)	-	-	(17,593)
Proceeds from partly paid shares	14	615	-	-	-	615
(Purchase)/withdrawal of own shares	17	-	-	-	(128)	(128)
Balance at 30 June 2009		71,252	80,249	(444)	(914)	150,143
Balance at 1 July 2009						
		71,252	80,249	(444)	(914)	150,143
Comprehensive income						
Profit after tax		-	5,714	-	-	5,714
Other comprehensive income - hedging reserve		-	-	668	-	668
Transactions with owners						
Dividends paid	16	-	(11,018)	-	-	(11,018)
(Purchase)/withdrawal of own shares	17	-	-	-	42	42
Balance at 30 June 2010		71,252	74,945	224	(872)	145,549
Parent						
Balance at 1 July 2008		70,637	71,458	270	-	142,365
Comprehensive income						
Profit after tax		-	26,476	-	-	26,476
Other comprehensive income - hedging reserve		-	-	(714)	-	(714)
Transactions with owners						
Dividends paid	16	-	(17,642)	-	-	(17,642)
Proceeds from partly paid shares	14	615	-	-	-	615
Balance at 30 June 2009		71,252	80,292	(444)	-	151,100
Balance at 1 July 2009						
		71,252	80,292	(444)	-	151,100
Comprehensive income						
Profit after tax		-	5,714	-	-	5,714
Other comprehensive income - hedging reserve		-	-	668	-	668
Transactions with owners						
Dividends paid	16	-	(11,046)	-	-	(11,046)
Balance at 30 June 2010		71,252	74,960	224	-	146,436

Steel & Tube Holdings Limited
Balance Sheet
As at 30 June 2010

	Notes	Group		Parent	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
Current assets					
Trade and other receivables	6	61,686	67,234	61,609	67,040
Inventories	7	84,227	90,837	84,227	90,837
Assets held for sale	9	508	-	508	-
Derivative financial instruments	19(d)	319	-	319	-
		146,740	158,071	146,663	157,877
Non-current assets					
Trade and other receivables	6	-	-	983	1,268
Property, plant and equipment	8	51,458	53,883	51,458	53,883
Intangibles	10	19,961	20,070	19,961	20,070
Deferred tax	5	-	3,101	-	3,101
		71,419	77,054	72,402	78,322
Total assets		218,159	235,125	219,065	236,199
Current liabilities					
Trade and other payables	11	33,501	34,215	33,501	34,215
Borrowings	12	6,942	7,502	6,966	7,624
Borrowings - term loans	12	29,000	35,000	29,000	35,000
Provisions	13	445	500	445	500
Derivative financial instruments	19(d)	-	624	-	624
Income tax payable		696	1,096	691	1,091
Deferred tax	5	1,054	-	1,054	-
		71,638	78,937	71,657	79,054
Non-current liabilities					
Borrowings - term loans	12	-	5,000	-	5,000
Provisions	13	972	1,045	972	1,045
		972	6,045	972	6,045
Equity					
Share capital	14	71,252	71,252	71,252	71,252
Retained earnings		74,945	80,249	74,960	80,292
Hedging reserve	19(a)	224	(444)	224	(444)
Treasury shares	17	(872)	(914)	-	-
		145,549	150,143	146,436	151,100
Total equity and liabilities		218,159	235,125	219,065	236,199

Steel & Tube Holdings Limited
Statement of Cash Flows
For the year ended 30 June 2010

	Notes	Group		Parent	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
Cash flows from operating activities					
Customer receipts		385,559	514,505	385,559	514,505
Interest receipts		232	544	232	535
Payments to suppliers and employees		(351,926)	(441,222)	(352,043)	(441,115)
Income tax payments		(5,026)	(10,332)	(5,026)	(10,335)
Interest payments		(1,986)	(6,472)	(1,986)	(6,472)
Net cash inflow from operating activities		26,853	57,023	26,736	57,118
Cash flows from investing activities					
Property, plant and equipment disposals		395	1,367	395	1,367
Transactions with controlled entities		-	-	285	(71)
Property, plant and equipment purchases		(4,712)	(4,958)	(4,712)	(4,958)
Net cash (outflow) from investing activities		(4,317)	(3,591)	(4,032)	(3,662)
Cash flows from financing activities					
Share capital	14	-	615	-	615
Treasury shares	17	42	(128)	-	-
Borrowings		(11,000)	10,000	(11,000)	10,000
Dividends paid	16	(11,018)	(17,593)	(11,046)	(17,642)
Net cash (outflow) from financing activities		(21,976)	(7,106)	(22,046)	(7,027)
Net increase in cash and cash equivalents		560	46,326	658	46,429
Cash and cash equivalents at the beginning of the year		(7,502)	(53,828)	(7,624)	(54,053)
Cash and cash equivalents at the end of the year		(6,942)	(7,502)	(6,966)	(7,624)
Represented by:					
Borrowings		(6,942)	(7,502)	(6,966)	(7,624)
Reconciliation of profit after tax to cash flows from operating activities					
Profit after tax		5,714	26,129	5,714	26,476
Non-cash adjustments:					
Depreciation and amortisation		6,486	6,697	6,486	6,697
Deferred tax		4,155	(185)	4,155	(96)
(Gain)/loss items classified as investing activity:					
Gain on property, plant and equipment disposals		(145)	(311)	(145)	(689)
		16,210	32,330	16,210	32,388
Movements in working capital:					
Income tax		(400)	1,030	(400)	1,025
Inventories		6,610	(2,996)	6,610	(2,996)
Trade and other receivables		5,548	32,788	5,431	32,830
Trade and other payables including derivatives		(1,115)	(6,129)	(1,115)	(6,129)
Net cash inflow from operating activities		26,853	57,023	26,736	57,118

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 12 8 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-renalounceable <input type="checkbox"/>	Capital change <input type="checkbox"/> Call <input type="checkbox"/> Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input type="checkbox"/>	Full Year <input checked="" type="checkbox"/>	Special <input type="checkbox"/> 0

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
If unknown, contact NZX

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 ISIN
If unknown, contact NZX

Number of Securities to be issued following event Minimum Entitlement Ratio, e.g. ① for ② for

Conversion, Maturity, Call Payable or Exercise Date Treatment of Fractions
Enter N/A if not applicable

Strike price per security for any issue in lieu or date Strike Price available. Tick if *pari passu* OR provide an explanation of the ranking

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	5 cents per share	Supplementary dividend details - Listing Rule 7.12.7	Amount per security in dollars and cents	\$0.008824
Currency	NZ Dollars	Date Payable	30 9 2010	
Total monies	\$4,418,612.00			

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

In the case of a taxable bonus issue state strike price \$ Resident Withholding Tax \$ Credits (Give details) \$0.021429

Timing (Refer Appendix 8 in the Listing Rules)

Record Date 5pm For calculation of entitlements - must be the last business day of a week	17	9	2010	Application Date 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.	
Notice Date Entitlement letters, call notices, conversion notices mailed				Allotment Date For the issue of new securities. Must be within 5 business days of record date.	

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:

