onesteel

ASX RELEASE

11 August 2011

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**

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steel&tube

2011 Annual Results

Review of Operations

Group profit after tax for the full year was $17.0 million compared to $5.7 million the previous year. This included a minor one-off tax expense of $289k compared to last years one-off tax expense of $4.2 million, both related to tax legislation changes announced in the New Zealand Government's May 2010 budget.

Underlying profit at $17.3 million is an increase of $7.4 million or 75% when compared to the previous years underlying profit. Sales at $386 million were $6 million higher on slightly increased volumes.

Previously announced results for the six months to 31 December 2010 were sales revenue of $190.5 million and underlying net profit after tax of $8.4 million. For the second half, sales were $195.5 million and underlying net profit after tax was $8.9 million.

A final dividend of 9.0 cents per share was declared.

STRONGER IN EVERYWAY

Overview

The economic environment was slow and subdued, inline with the company expectations outlined in last year's outlook statement with little upside from a trading perspective. The earthquakes and ongoing aftershocks in Christchurch required significant time and resources to assist staff through a challenging and traumatic period.

In addition, the company embraced a significant change programme to reinvigorate the organisation and to prepare for the future. The new and exciting brand is a visual demonstration of this.

Against this backdrop, it is pleasing to report improved business performance and profitability for the last financial year ending 30 June 2011.

Market Conditions

As anticipated, the New Zealand economy struggled to gain momentum throughout the first half of the reporting period and although the March quarter GDP result of 0.8% suggested an improving economic foundation, from the company's perspective several key sectors continued to deteriorate thereby offsetting those sectors showing signs of recovery.

Consequently subdued performance in key sectors for most of the period led to ongoing low demands with the continuation of competitive pressures and squeezed margins.

The construction sector in particular, continued to deteriorate throughout the period. Residential construction remained at historical lows and despite a slight recovery in housing turnover, building consents by value declined 14% compared to the previous year.

Similarly, non residential construction deteriorated year on year with building consents by value reducing a further 4% for the year ending June 11. This is on top of the 18% reduction in the prior year. The commercial and industrial construction sectors weakened further with reductions in consents of 29% and 12% respectively.

Manufacturing started the year slowly with most sectors under pressure, however the second half improved, particularly in transport, machinery and equipment manufacturing. Like the previous year, export manufacturing was buoyed by the favourable exchange rate with exporters to Australia enjoying increased demand.

The rural sector started to recover with record commodity prices across almost all sectors and particularly strong demand for dairy within emerging Asia. There is still significant debt to be repaid however increasing confidence produced increased activity levels in the second half.

In other major sectors, oil and gas projects were reasonably strong in the first half but as two large onshore projects concluded, the second half was relatively quiet.

World steel production increased 13% from July 2010 to June 2011 with almost half of the growth coming from China. Raw material prices have all significantly increased within the period at an average of approximately 40%, pushed up further by the Queensland floods limiting coal output used to make coking coal. As a consequence finished goods prices increased in the second half, offset to some degree in New Zealand by the strength of the New Zealand dollar.

Christchurch

Christchurch featured significantly throughout the period as staff both in Christchurch and elsewhere worked hard to deal with the situation. Pleasingly all 120 staff and the 6 facilities came through the September and February earthquakes relatively unscathed. Sadly one employee lost his partner and our thoughts and support continue to be with him and his family.

Many employees' families have been impacted due to property damage and the ongoing stresses of the situation and the company has continued to find ways to support staff.

Disruptions to business operations were minimal due to the commitment, resilience and the continued focus by staff on supporting the business. Our systems and standards employed in the warehousing and handling of steel products resulted in relatively minor damage to product and facilities.

In addition to the support offered to staff, we positioned the Company to assist in the rebuild with many of the organisations involved.

Company Performance

The total domestic demand for steel for the 12 months to June 2011 increased marginally by 4%, however it still remains 20-25% below the highs of three years ago. In contrast, demand for steel distribution products was flat year on year.

Despite the low demand environment, Steel & Tube has again 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.

Distribution, comprising steel, stainless steel, fastenings, piping systems, wire and industrial products, in aggregate had increased sales revenue of 1.5% on 3% more volume over the full year. Like the prior year, piping systems and stainless product groups performed relatively well, reflecting the completion of major projects in the oil and gas sector as well as internal initiatives starting to generate benefits.

Processing, comprising roofing products, reinforcing, wire and mesh products, in aggregate had marginally increased sales revenue on a marginal increase in volume over the full year.

Government infrastructure projects continued to generate much needed work. In Auckland several projects have continued including the Rail Electrification, the Newmarket Viaduct Replacement and a further phase of the Victoria Park Tunnel. In Christchurch, the Southern Motorway upgrade commenced and all continued to positively impact reinforcing activities.

The operating expense gains made in the prior year ($11.8m) were maintained and enhanced by almost $1m despite increasing corporate resources to address the "One Company" initiative.

Cash management and the balance sheet remain a key focus and are actively managed. Trade receivables and inventory costs both increased inline with increasing steel prices. Actual inventory reduced and the company's exposure to potential customer insolvency continues to be vigilantly managed. Interest rate reductions combined with reduced borrowings for capital management improvements saw interest costs reduce by around $0.5 million.

“One Company”

The company has undergone significant changes within this last 12 months to leverage key differentiating strengths and reposition it for the future. Several initiatives have progressed based on internal and external stakeholder reviews under the banner of “One Company”.

The most visible change is our brand. We have refreshed our logo so that it is modern, vibrant and exciting. We have a positioning statement “Stronger in Everyway” reflecting that S&T is the leading New Zealand steel distributor and will deliver to the customer in every possible way. The new brand is the visible sign, both internally and externally that we have changed.

At the heart of the changes is a new operating model. It is a model that centres on delivering to the customer all of their steel and service requirements in a coordinated manner at the local level through the grouping of geographic businesses. Product specialisation remains a key strength and has been enhanced with additional planning resources.

There are several other initiatives at varying stages of progression, but all are aimed at positioning S&T to be without question, the leading steel distributor in New Zealand and “Stronger in Everyway”.

One of the outcomes of the “One Company” approach is the ongoing rationalisation of our facilities. New Plymouth’s new facility opened in December 2010 substantially increasing the Company’s ability to service the Taranaki region whilst delivering a more cost efficient operation.

The 1,800m^2 warehouse extension of the company’s Stonedon Drive operation in East Tamaki, Auckland was completed on time and under budget.

Several other smaller facilities were closed with the operations consolidated into existing larger locations within the same geography to improve alignment and coordination to service customers whilst reducing costs.

Commitment to Health & Safety

Steel & Tube remains committed to the health and safety of employees, contractors and others who visit our facilities. Last year, we modified the safety performance reporting to include contractors, and rebased the prior year statistics to include contractor incidents. This year’s health and safety performance continues to show further improvement, reflecting the company’s ‘zero harm’ focus. Inclusive of contractors there was 1 Lost Time Injury (LTI), compared to 1 LTI in the prior year and 7 Medical Treatment Injuries (MTIs) 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.

Outlook

The economy is starting to show some encouraging signs that the recovery is gaining momentum and appears sustainable this time around. Retail spending is lifting, exports are strong and commodity prices remain high despite some pullback in recent months. The latest GDP data surprised on the upside and confidence indices confirm high business sentiment, however the recent market volatility and uncertainties caused by the US downgrade and ongoing issues in Europe will undoubtedly impact local confidence and possibly the broader New Zealand economy.

Construction, a key market for Steel & Tube, continues to remain weak with consents and gross capital formation forecasts suggesting further decline in the short to medium term.

Residential construction is at historical lows, consents by value are weak and net migration is now negative as more people leave the country. However there are indications of a slowly improving housing market, particularly in Auckland, and with some certainty for at least 5000 Christchurch households there will be a substantial pick up in housing demand in the future. The question is when, and it may be later rather than sooner, possibly impacting the latter stages of this financial year.

Non residential construction remains a concern with most forecasts suggesting further decline until mid 2012. Clearly at some stage the Canterbury rebuild will start to positively impact however we expect non-residential construction to recover only slowly.

Manufacturing was impacted significantly by the global financial crisis (GFC) and although activity and exports have lifted in recent months, particularly to Australia and Asia, to what extent the sector recovers is still in debate. The New Zealand dollar will play a mixed role, most likely aiding exports to the Australian economy, but potentially limiting exports to Asia due to its strength.

The rural sector shows promise with strong exports and relatively high prices all indicating that this sector will strengthen further as those paying down debt move to increased investment.

From a global steel perspective the industry continues to struggle to match production to demand as it has consistently since the GFC. Raw material costs remain high squeezing margins for the steel mills, consequently pricing remains volatile and volume dependant.

The new financial year has started slowly and may be further compounded by recent global events undermining local sentiment resulting in lower demands for steel products. Regardless, competitive pressures on both volume and prices will persist for some time as the industry struggles to off-set further deterioration in the construction sectors, with some limited growth in manufacturing and rural.

The second half may be boosted to a degree with the Christchurch residential rebuild possibly commencing early in 2012.

The internal initiatives continue to progress well and will help reposition the organisation to maximise returns from a mixed external environment.

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

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

Appendix 1

Steel & Tube Holdings Limited	
Results for Announcement to the Market	
Reporting Period	12 months to 30 June 2011
Previous Reporting Period	12 months to 30 June 2010

	Amount ($000)	Percentage change
Revenue from ordinary activities	385,752	1.52%
Profit before tax	24,848	75%
Tax expense - operating income	(7,518)	75%
Tax expense - tax legislation changes	(289)	(93%)
Profit after tax attributable to security holders	17,041	198%

	Current year	Prior year
Net tangible assets per share	$1.49	$1.42

	Amount per security	Imputed amount per security
Final dividend	9.0 cents	3.86 cents
Supplementary dividend	1.59 cents	
Record date	16 September 2011	
Payment date	30 September 2011	

Audit	The financial statements attached to this report have been audited.

Comments	Refer to separate attachment

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

Financial Statements 2011

Statements of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

		Group		Parent	
		2011	2010	**2011**	2010
	Notes	**$000**	$000	**$000**	$000
Sales revenue		**385,752**	379,993	**385,751**	379,993
Cost of sales	4	**(300,694)**	(304,488)	**(300,694)**	(304,488)
Gross profit		**85,058**	75,505	**85,057**	75,505
Other operating income		**465**	511	**442**	511
Selling expenses	4	**(25,409)**	(25,596)	**(25,409)**	(25,596)
Administration expenses	4	**(14,423)**	(14,619)	**(14,423)**	(14,619)
Other operating expenses	4	**(19,431)**	(19,882)	**(19,319)**	(19,882)
Operating earnings before financing costs		**26,260**	15,919	**26,348**	15,919
Interest income		**41**	232	**41**	232
Interest expense		**(1,453)**	(1,942)	**(1,453)**	(1,942)
Profit before tax		**24,848**	14,209	**24,936**	14,209
Tax expense – operating income	5	**(7,518)**	(4,306)	**(7,511)**	(4,306)
Tax expense – tax legislation changes	5	**(289)**	(4,189)	**(289)**	(4,189)
Profit after tax		**17,041**	5,714	**17,136**	5,714
Other comprehensive income – hedging reserve	21(a)	**(838)**	668	**(838)**	668
Total comprehensive income		**16,203**	6,382	**16,298**	6,382
Basic earnings per share (cents)	17	**19.4**	6.5	**19.5**	6.5
Diluted earnings per share (cents)	17	**19.3**	6.5	**19.5**	6.5

The accompanying notes form part of these financial statements.

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Share capital $000	Retained earnings $000	Hedging reserve $000	Treasury shares $000	Share-based payments $000	Total equity $000
Group							
Balance at 1 July 2009		71,252	80,249	(444)	(914)	370	150,513
Comprehensive income							
Profit after tax		–	5,714	–	–	–	5,714
Other comprehensive income – hedging reserve		–	–	668	–	–	668
Transactions with owners							
Dividends paid	18	–	(11,018)	–	–	–	(11,018)
Granted during the year		–	–	–	–	22	22
Lapsed or forfeited during the year		–	–	–	–	(27)	(27)
Withdrawal of own shares	19	–	–	–	42	–	42
Balance at 30 June 2010		71,252	74,945	224	(872)	365	145,914
Balance at 1 July 2010		**71,252**	**74,945**	**224**	**(872)**	**365**	**145,914**
Comprehensive income							
Profit after tax		**–**	**17,041**	**–**	**–**	**–**	**17,041**
Other comprehensive income – hedging reserve		**–**	**–**	**(838)**	**–**	**–**	**(838)**
Transactions with owners							
Dividends paid	18	**–**	**(9,675)**	**–**	**–**	**–**	**(9,675)**
Granted during the year		**–**	**–**	**–**	**–**	**271**	**271**
Lapsed or forfeited during the year		**–**	**–**	**–**	**–**	**(247)**	**(247)**
Purchase of own shares	19	**–**	**–**	**–**	**(495)**	**–**	**(495)**
Balance at 30 June 2011		**71,252**	**82,311**	**(614)**	**(1,367)**	**389**	**151,971**
Parent							
Balance at 1 July 2009		71,252	80,292	(444)	–	370	151,470
Comprehensive income							
Profit after tax		–	5,714	–	–	–	5,714
Other comprehensive income – hedging reserve		–	–	668	–	–	668
Transactions with owners							
Dividends paid	18	–	(11,046)	–	–	–	(11,046)
Granted during the year		–	–	–	–	22	22
Lapsed or forfeited during the year		–	–	–	–	(27)	(27)
Balance at 30 June 2010		71,252	74,960	224	–	365	146,801
Balance at 1 July 2010		**71,252**	**74,960**	**224**	**–**	**365**	**146,801**
Comprehensive income							
Profit after tax		**–**	**17,136**	**–**	**–**	**–**	**17,136**
Other comprehensive income – hedging reserve		**–**	**–**	**(838)**	**–**	**–**	**(838)**
Transactions with owners							
Dividends paid	18	**–**	**(9,721)**	**–**	**–**	**–**	**(9,721)**
Granted during the year		**–**	**–**	**–**	**–**	**271**	**271**
Lapsed or forfeited during the year		**–**	**–**	**–**	**–**	**(247)**	**(247)**
Balance at 30 June 2011		**71,252**	**82,375**	**(614)**	**–**	**389**	**153,402**

The accompanying notes form part of these financial statements.

Balance Sheets

AS AT 30 JUNE 2011

		Group		Parent	
		2011	2010	**2011**	2010
	Notes	**$000**	$000	**$000**	$000
Current assets					
Cash & cash equivalents	6	**3,023**	–	**3,001**	–
Trade and other receivables	7	**68,313**	61,686	**68,035**	61,609
Inventories	8	**88,735**	84,227	**88,735**	84,227
Assets held for sale	10	**508**	508	**508**	508
Derivative financial instruments	21(d)	–	319	**–**	319
		160,579	146,740	**160,279**	146,663
Non-current assets					
Trade and other receivables	7	**–**	–	**1,721**	983
Property, plant and equipment	9	**51,060**	51,458	**51,060**	51,458
Intangibles	11	**19,903**	19,961	**19,903**	19,961
		70,963	71,419	**72,684**	72,402
Total assets		**231,542**	218,159	**232,963**	219,065
Current liabilities					
Borrowings – on call	13	**–**	6,942	**–**	6,966
Trade and other payables	12	**33,444**	33,501	**33,444**	33,501
Borrowings – term loans	13	**41,000**	29,000	**41,000**	29,000
Provisions	14	**795**	445	**795**	445
Derivative financial instruments	21(d)	**853**	–	**853**	–
Income tax payable		**845**	696	**835**	691
		76,937	70,584	**76,927**	70,603
Non-current liabilities					
Deferred tax	5	**2,040**	1,054	**2,040**	1,054
Employee benefits	15	**594**	607	**594**	607
		2,634	1,661	**2,634**	1,661
Equity					
Share capital	16	**71,252**	71,252	**71,252**	71,252
Retained earnings		**82,311**	74,945	**82,375**	74,960
Hedging reserve	21(a)	**(614)**	224	**(614)**	224
Treasury shares	19	**(1,367)**	(872)	**–**	–
Share-based payments		**389**	365	**389**	365
		151,971	145,914	**153,402**	146,801
Total equity and liabilities		**231,542**	218,159	**232,963**	219,065

These financial statements and the accompanying notes were authorised by the Board on 11 August 2011.

For the Board

Dean Pritchard
Chairman

Dave Taylor
Chief Executive Officer

The accompanying notes form part of these financial statements.

Statements of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2011

		Group		Parent	
	Notes	2011 $000	2010 $000	2011 $000	2010 $000
Cash flows from operating activities					
Customer receipts		**378,895**	385,559	**378,894**	385,559
Interest receipts		**41**	232	**41**	232
Payments to suppliers and employees		**(357,274)**	(351,926)	**(356,985)**	(352,043)
Income tax payments		**(6,313)**	(5,026)	**(6,311)**	(5,026)
Interest payments		**(1,453)**	(1,986)	**(1,453)**	(1,986)
Net cash inflow from operating activities		**13,896**	26,853	**14,186**	26,736
Cash flows from investing activities					
Property, plant and equipment disposals		**404**	395	**404**	395
Transactions with controlled entities		**–**	–	**(737)**	285
Property, plant and equipment purchases		**(6,165)**	(4,712)	**(6,165)**	(4,712)
Net cash outflow from investing activities		**(5,761)**	(4,317)	**(6,498)**	(4,032)
Cash flows from financing activities					
Treasury shares	19	**(495)**	42	**–**	–
Borrowings		**12,000**	(11,000)	**12,000**	(11,000)
Dividends paid	18	**(9,675)**	(11,018)	**(9,721)**	(11,046)
Net cash inflow/(outflow) from financing activities		**1,830**	(21,976)	**2,279**	(22,046)
Net increase in cash and cash equivalents		**9,965**	560	**9,967**	658
Cash and cash equivalents at the beginning of the year		**(6,942)**	(7,502)	**(6,966)**	(7,624)
Cash and cash equivalents at the end of the year		**3,023**	(6,942)	**3,001**	(6,966)
Represented by:					
Cash and cash equivalents		**3,023**	–	**3,001**	–
Borrowings – on call		**–**	(6,942)	**–**	(6,966)
		3,023	(6,942)	**3,001**	(6,966)
Reconciliation of profit after tax to cash flows from operating activities					
Profit after tax		**17,041**	5,714	**17,136**	5,714
Non-cash adjustments:					
Depreciation and amortisation		**6,282**	6,486	**6,282**	6,486
Deferred tax		**986**	4,155	**985**	4,155
Gain on items classified as investing activities:					
Gain on property, plant and equipment disposals		**(64)**	(145)	**(64)**	(145)
		24,245	16,210	**24,339**	16,210
Movements in working capital:					
Income tax		**149**	(400)	**144**	(400)
Inventories		**(4,508)**	6,610	**(4,508)**	6,610
Trade and other receivables		**(6,627)**	5,548	**(6,426)**	5,431
Trade and other payables, including derivatives		**637**	(1,115)	**637**	(1,115)
Net cash inflow from operating activities		**13,896**	26,853	**14,186**	26,736

The accompanying notes form part of these financial statements.

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX 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: T V Keenan

Authority for event, e.g. Directors' resolution: Directors' Resolution

Contact phone number: (04) 570-5000

Contact fax number: (04) 569-4218

Date: 11 / 08 / 2011

Nature of event
Tick as appropriate

Bonus Issue ☐ *If ticked, state whether: Taxable* ☐ */ Non Taxable* ☐ *Conversion* ☐ *Interest* ☐ *Rights Issue Renouncable* ☐

Rights Issue non-renouncable ☐ Capital change ☐ Call ☐ Dividend ☒ If ticked, state whether: Interim ☐ Full Year ☒ Special ☐ DRP Applies ☐

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:
Enter N/A if not applicable

Treatment of Fractions:

Tick if pari passu ☐ OR *provide an explanation of the ranking*:

Strike price per security for any issue in lieu or date Strike Price available.:

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

In dollars and cents

Amount per security: 9 cents per share

Source of Payment: 88,372,240 ordinary shares

Excluded income per security (only applicable to listed PIEs):

Currency: NZ Dollars

Supplementary dividend details - Listing Rule 7.12.7
Amount per security in dollars and cents: $0.015882
Date Payable: 30 / 09 / 2011

Total monies: $7,953,501.60

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): $0.038571

Foreign Withholding Tax: $

FWP Credits (Give details):

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm
For calculation of entitlements -: 17 / 09 / 2011

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 application closing date.:

Issuer: Steel & Tube Holdings Limited

Headline: 2011 Annual Results

Reporting period: 30 June 2011
Previous reporting period: 30 June 2010

	Current year;	Up/Down %
Revenue from ordinary activities:	$386M;	up 1.52%
Profit after tax attributable to shareholders:	$17.0M;	up 198%
Net tangible assets per share:	$1.49;	up 5%

Final dividend declared: 9.0 cps fully imputed
Record date: 16 September 2011
Payment date: 30 September 2011
Imputation credit: 3.86 cps
Supplementary dividend: 1.59 cps