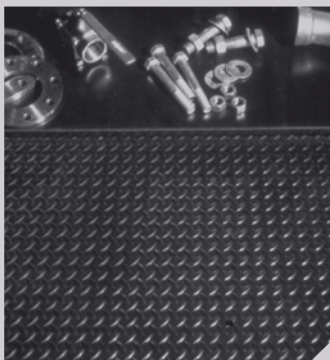
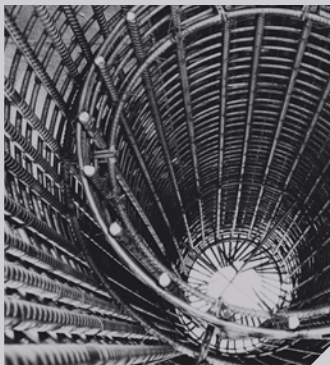
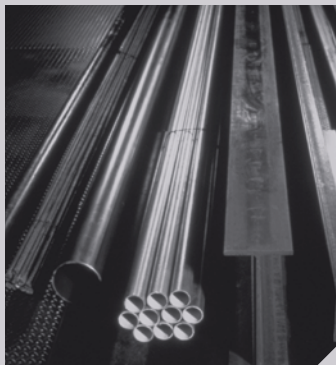


STEEL&TUBE

HALF YEAR REPORT 2010



Steel & Tube Holdings Limited

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.

Directors' Report

FOR THE HALF YEAR ENDED 31 DECEMBER 2009

CONTINUED . . .

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.



Dean Pritchard

Chairman



Dave Taylor

Chief Executive Officer

11 February 2010

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	(155,330)	(202,755)
Gross profit	35,308	71,032
Other operating income	223	374
Selling expenses	(13,511)	(15,737)
Administration expenses	(6,691)	(8,699)
Other operating expenses	(9,647)	(13,627)
Operating earnings before financing costs	5,682	33,343
Interest income	105	350
Interest expense	(1,237)	(4,073)
Profit before tax	4,550	29,620
Tax expense	(1,377)	(8,826)
Profit after tax	3,173	20,794
Other comprehensive income – hedging reserve	409	(9)
Total comprehensive income	3,582	20,785
Basic earnings per share (cents)	3.6	23.6
Diluted earnings per share (cents)	3.6	23.5

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	2009 \$000	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)
Equity at end of period	145,781	153,633

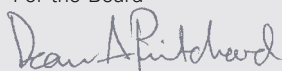
CONSOLIDATED INTERIM BALANCE SHEET

AT 31 DECEMBER 2009

	Unaudited 2009 \$000	Unaudited 2008 \$000	Audited June 2009 \$000
Current assets			
Inventories	74,847	133,992	90,837
Trade and other receivables	53,618	82,928	67,234
Income tax receivable	1,151	–	–
	129,616	216,920	158,071
Non-current assets			
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
	75,511	79,329	77,054
Total assets	205,127	296,249	235,125
Current liabilities			
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
	58,264	120,961	78,937
Non-current liabilities			
Borrowings – term loans	–	20,000	5,000
Provisions	1,082	1,655	1,045
	1,082	21,655	6,045
Equity			
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
	145,781	153,633	150,143
Total equity and liabilities	205,127	296,249	235,125

These interim financial statements and the accompanying notes were authorised by the Board on 11 February 2010.

For the Board



Dean Pritchard
Chairman



Dave Taylor
Chief Executive Officer

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Unaudited 2009 \$000	Unaudited 2008 \$000
Operating activities		
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>
Investing activities		
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>
Financing activities		
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)
Cash and cash equivalents at end of period	<u>(5,117)</u>	<u>(63,090)</u>
Reconciliation of profit after tax to cash flows from operating activities		
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 including derivatives	(6,746)	(7,675)
	<u>27,329</u>	<u>(8,777)</u>

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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 Company is a limited liability company incorporated and domiciled in New Zealand and the Group comprises Steel & Tube Holdings Limited and its subsidiaries. The Group's principal activities relate to the distribution and processing of steel and allied products.

The registered office of the Company is at 15-17 Kings Crescent, Lower Hutt, New Zealand.

Statement of compliance

The Group is a profit-oriented entity and its 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.

Accounting policies

The accounting policies applied are consistent with those used in the annual financial statements for the year ended 30 June 2009.

Disclosures

The following standards and amendments to standards became mandatory for this interim period. These standards and amendments have been adopted and are disclosed below.

NZ IAS 1 Revised 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses in the Statement of Changes in Equity that are not related to changes in ownership. These non-owner items are to be presented in either a single Statement of Comprehensive Income or as two statements, a Statement of Income and a Statement of Comprehensive Income. The Group has elected to present a single Statement of Comprehensive Income.

NZ IFRS 8 'Operating Segments' replaces NZ IAS 14 'Segment Reporting'. The standard requires a 'management approach' for segment information to be presented on the same basis as used in internal reporting and for operating segments to be reported in a manner consistent with the internal reporting to the chief operating decision maker. The Chief Executive Officer has been identified as the chief operating decision maker. The Group's operating segments comprise steel distribution and processing, roofing products, reinforcing, hurricane wire and stainless businesses. The standard permits the aggregation of operating segments into reportable segments. This has been adopted as the operating segments have similar economic characteristics and are also similar in the nature of products and services supplied, the nature of the production processes, the class of customers the products and services are sold to, and the distribution channels for these products and services. No disclosure is required in the interim financial statements as the Group has one reportable segment.

NZ IFRS 2 Revised 'Share-based Payment'. The amendment relates to the definition of vesting conditions which are now limited to service and performance conditions. It also includes guidance on the treatment of non-vesting conditions and cancellations. The adoption of the amendment does not impact on the interim financial statements.

NZ IFRS 7 Revised 'Financial Instruments Presentation'. The amendment enhances the existing requirements for fair value measurement disclosures including the reliability of the measurements. It also enhances the requirements on the disclosure of liquidity risk. The adoption of the amendment does not impact on the interim financial statements.

1. Contingent liabilities

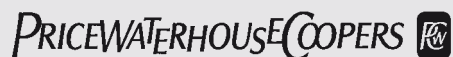
Guarantees on contracts at 31 December 2009 were \$0.6 million (2008: \$0.5 million) and were transacted in the ordinary course of business.

2. Subsequent event

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

ACCOUNTANTS' REPORT

TO THE SHAREHOLDERS OF STEEL & TUBE HOLDINGS LIMITED



We have reviewed the financial statements on pages 4 to 8. The financial statements provide information about the past financial performance and cash flows of the Group for the period ended 31 December 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 7 and 8.

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our review procedures, for this report, or for the opinions we have formed.

Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements that presents fairly the financial position of the Group as at 31 December 2009 and its financial performance and cash flows for the period ended on that date.

Accountants' responsibilities

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 31 December 2009 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with or interests in the Group other than in our capacities as accountants conducting this review, statutory auditors and tax advisors.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly the financial position of the Group as at 31 December 2009 and its financial performance and cash flows for the period ended on that date.

Our review was completed on 11 February 2010 and our review opinion is expressed as at that date.

A handwritten signature in grey ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

Chartered Accountants
Wellington

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PO Box 30-543, Lower Hutt 5040
Ph: 04 570 5000 Fx: 04 569 4218
Email: info@steelandtube.co.nz
Website: www.steelandtube.co.nz

Trading Operations:

Steel Distribution & Processing

Industrial Products

Fastening Systems

Piping Systems

Reinforcing

Stainless Steel

Roofing Products

Hurricane Wire

Hurricane Wholesale

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



Steel & Tube Holdings Limited

Works Laser is 100% recycled paper, made up of 30% pre-consumer printer and converting waste and 70% post-consumer waste from old milk cartons. The recycled pulp is elemental chlorine free.

