Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
STEEL MASTERS, LP 401K PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 05/01/2007

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
STEEL MASTERS, L.P.

2214 BLALOCK
HOUSTON, TX 77080-5408

2b Employer Identification Number (EIN) 74-2174625

2c Sponsor's telephone number 713-464-8652

2d Business code (see instructions) 331110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/17/2011	RAY MILLER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
STEEL MASTERS, LP

2214 BLALOCK
HOUSTON, TX 77080-5408

3b Administrator's EIN
74-2174625

3c Administrator's telephone number
713-464-8652

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	202
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	158
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	8
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	166
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	166
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	44
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	3
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)		**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)		0	**A** (Insurance Information)
(4)			**C** (Service Provider Information)
(5)			**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
STEEL MASTERS, LP 401K PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
STEEL MASTERS, L.P.

D Employer Identification Number (EIN)
74-2174625

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		7134
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	10179	27138
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	702757	1054582
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	712936	1088854
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		36600
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	36600
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	712936	1052254

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	90411	
	(B) Participants	2a(1)(B)	157467	
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		247878
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	560	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		560
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	22914	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		22914
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		69498
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		340850
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		0
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	1532	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		1532
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1532
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		339318
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CARLOS TABOADA COMPANY, PC (2) EIN: 45-2609906

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

STEEL MASTERS, LP 401(K) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2010

WITH INDEPENDENT AUDITORS' REPORT

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Carlos Taboada & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Steel Masters, LP 401(K) Plan and Participants
Houston, Texas

We were engaged to audit the accompanying statement of net assets available for benefits of Steel Masters, LP 401(K) Plan as of December 31, 2010 and the related statement of changes in net assets available for benefits for the year ended December 31, 2010, and the supplemental schedules of (1) Schedule of Assets Held, and (2) Schedule of Reportable Transactions as of the year ended December 31, 2010. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in the notes to the financial statements, which was certified by Capital Bank and Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the 2010 financial statements and supplemental schedules. We have been informed by the Plan administrator that the trustee holds certain of the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee as of and for the year ended December 31, 2010, that the information provided to the Plan administrator by the trustees is complete and accurate.

Because of the significance of the information in the Plan's 2010 financial statements that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules as of and for the year ended December 31, 2010. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

The statement of net assets available for benefits of Steel Masters, LP 401(K) Plan as of December 31, 2009, were audited by other auditors whose report dated September 22, 2010, expressed an opinion that such financial statement presents fairly, in all material respects, the financial statements of Steel Masters, LP 401(K) Plan as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Carlos Taboada & Company, P.C.

October 7, 2011

ASHFORD ON THE BAYOU • 1001 SOUTH DAIRY ASHFORD, SUITE 370 • HOUSTON, TEXAS 77077

OFFICE (281)606-3050 | FAX (281)606-3075 | EMAIL INFO@TABOADACPA.COM | WWW.TABOADACPA.COM

STEEL MASTERS, LP 401(K) PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
Participant directed investments, at fair value shares of registered investments	$ 1,054,582	$ 702,757
Participants' loans	27,138	10,180
Receivable - Employer contributions	7,134	-
Total Assets	$ 1,088,854	$ 712,937
LIABILITIES		
Accrual for excess contribution	$ 36,600	$ -
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,052,254	$ 712,937

See accompanying notes to financial statements.

STEEL MASTERS, LP 401(K) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR YEAR ENDED DECEMBER 31, 2010

ADDITIONS TO NET ASSETS ATTRIBUTED TO	
Contributions	
Participants'	$ 149,382
Employer's	90,411
Roth	8,085
	247,878
Gains from registered investments	69,498
Interest and dividend income	22,914
Interest from loans	560
Total Additions	340,850
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO	
Administrative expenses	1,532
Total Deductions	1,532
NET INCREASE	339,318
NET ASSETS AVAILABLE FOR BENEFITS:	
BEGINNING OF YEAR	712,936
END OF YEAR	$ 1,052,254

See accompanying notes to financial statements.

STEEL MASTERS, LP 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE A - DESCRIPTION OF PLAN

The following description of the Steel Masters, LP 401(K) Plan ("the Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering all full-time employees of Steel Masters, LP who have 90 days of service. The Plan became effective May 1, 2007. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Benefits under the Plan are provided by a trust fund. All assets in the Plan are subject to participant investment directions.

Contributions - Each year, participants may contribute up to the maximum percentage allowable of their pretax annual income, subject to the limits set by the Internal Revenue Code. Steel Masters, LP may make discretionary matching contributions in addition to any safe harbor matching contribution. The maximum discretionary matching contribution that can be made on behalf of any participant is 4% of compensation.

Participant Accounts - Each participant's account is credited with the allocations of (a) the Steel Masters, LP's safe harbor and discretionary matching contribution, (b) Plan earnings, and (c) forfeitures of terminated participants' invested amounts, and (d) charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting and Forfeitures - The participants contributions and Steel Masters, LP's safe harbor contribution are 100% vested. Vesting in Steel Masters, L's discretionary matching contribution portion of a participant's accounts is based on years of service at 20% per plan year after two years of service. A participant is 100% vested in the Steel Masters, LP's discretionary matching contributions after six years of service. A year of service is defined as completing at least 1,000 hours of service during the Plan year. Forfeitures of matching contributions will be used to reduce Steel Masters, LP's matching contributions.

Payment of Benefits - On termination of service, participants may elect to have his or her vested account distributed in one lump sum or as specified in the plan.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared under the accrual method of accounting.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value. Shares of mutual funds with American Funds and other mutual funds are valued at quoted market prices which represent the net asset value held by the Plan at the end of its fiscal year. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the accrual basis as recognized by the different portfolios managed by American Funds.

Participant loans - These loans are considered to be fully collectible; accordingly, an allowance for doubtful amounts has not been established.

Payment of Benefits - Benefits are recorded when paid.

Date of Management Review - Subsequent events were evaluated through December 31, 2010 , which is the date the financial statements were available to be issued. Based on the results of the evaluation, no adjustments or additional disclosures have been made to the financial statements.

NOTE C - FAIR VALUE MEASUREMENTS

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefit. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The financial statements reflect the adoption of the fair value measurements established by the Accounting Standards Codification (ASC) Section 820. ASC Sec 820 establishes a single authoritative definition of fair value, sets a framework for measuring fair value and requires additional disclosures about fair value measurement. In accordance with ASC Sec 820, the Plan classifies its investments into Level 1, which refers to securities traded in an active market; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction; and Level 3, which refers to securities not traded in an active market and for which no significant observable market inputs are available. The Plan's portfolio investments based on fair values at December 31, 2010 of $1,054,582 were entirely classified as Level 1. The fair value of participant loans at December 31, 2010 of $27,138 approximates the amortized cost of the loans because the loans are secured by each respective participant's account balance and were classified as Level 3. Fair value measurements for level 3 follows:

Beginning	$ 10,180
Additional loans and repayment	16,958
Ending	$ 27,138

NOTE D - DEPARTMENT OF LABOR LIMITED SCOPE AUDIT

The information provided and certified by Capital Bank and Trust Company (CBTC) with regard to investment assets, investment transactions, income, contributions, distributions, other expense transactions, fund information, and the schedules of assets held for investment purposes was relied upon by us and not included in the scope of our audit.

The following information included in the accompanying financial statements and supplemental schedule were obtained from information that has been prepared and certified to us as complete and accurate by CBTC:

Participant directed investments, at fair value

American Balanced Fund	$	15,293
American Funds 2010 Target Date		52,511
American Funds 2015 Target Date		48,841
American Funds 2020 Target Date		267,340
American Funds 2025 Target Date		99,178
American Funds 2030 Target Date		12,692
American Funds 2035 Target Date		34,116
American Funds 2045 Target Date		63,731
Capital Income Builder		67,652
Capital World Growth and Income		126,461
Cash Management Trust of America		58,454
Europacific Growth Fund		25,302
New Perspective Fund		23,375
Smallcap World Fund		66,442
The Bond Fund of America		16,809
The Growth Fund of America		17,902
The Investment Company of America		5,938
U.S. Government Securities Fund		52,545
Total	$	1,054,582
Loans to participants	$	27,138
Contributions	$	247,878
Gains, interest and dividend Income from registered investments	$	92,412
Interest from loans	$	560
Administrative expenses	$	1,532

STEEL MASTERS, LP 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE E - INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets.

	2010	2009
American Funds 2010 Target Date	$ 52,511	$ 38,220
American Funds 2020 Target Date	267,340	187,294
American Funds 2025 Target Date	99,178	68,551
American Funds 2045 Target Date	63,731	42,834
Capital Income Builder	67,652	38,517
Capital World Growth and Income	126,461	90,729
Cash Management Trust of America	58,454	-
Smallcap World Fund	66,442	42,801
U.S. Government Securities Fund	52,545	39,635
Total	$ 854,314	$ 548,581

The above investments are participant directed.

During 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as investments held at year end) appreciated in value by $69,498.

NOTE F—RELATED PARTY TRANSACTIONS

During 2010, Steel Masters, LP paid all expenses associated with the Plan's operations. This includes the recordkeeping services provided by Capital Research and Management Company and third party administration fees provided by Alliance Benefit Group of Houston, Inc.

The receivable of $7,134 from Steel Masters, LP results from the safe harbor contribution to the Plan.

NOTE G—PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

NOTE H - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per financial statements to the Form 5500:

Net assets available for benefits per financial statements	$ 1,052,254
Net Assets Available for Benefits Per Form 5500	$ 1,052,254

The following is a reconciliation of contributions, earnings, and expenses per financial statements to the Form 5500:

	Contributions	Earnings	Expenses
Per financial statements	$ 247,878	$ 92,972	$ 1,532
Per Form 5500	$ 247,878	$ 92,972	$ 1,532

NOTE I - TAX STATUS

The Plan is based on the Alliance Benefit Group Of Houston, Inc. Prototype Non-Standardized 401(k) Profit Sharing Plan and Trust. During 2001 the Internal Revenue Service determined and informed the sponsor that the master plan is acceptable and in accordance with section 401 of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service and the Department of Labor. The plan administrator has analyzed the tax positions taken by the plan and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2007.

NOTE J - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

STEEL MASTERS, LP 401(K) PLAN

SCHEDULE OF ASSETS HELD AT THE END OF YEAR

DECEMBER 31, 2010

INVESTMENTS

IDENTITY OF ISSUE	DESCRIPTION OF INVESTMENT	CURRENT VALUE
American Balanced Fund	Mutual Fund	$ 15,293
American Funds 2010 Target Date	Mutual Fund	52,511
American Funds 2015 Target Date	Mutual Fund	48,841
American Funds 2020 Target Date	Mutual Fund	267,340
American Funds 2025 Target Date	Mutual Fund	99,178
American Funds 2030 Target Date	Mutual Fund	12,692
American Funds 2035 Target Date	Mutual Fund	34,116
American Funds 2045 Target Date	Mutual Fund	63,731
Capital Income Builder	Mutual Fund	67,652
Capital World Growth and Income	Mutual Fund	126,461
Cash Management Trust of America	Mutual Fund	58,454
Europacific Growth Fund	Mutual Fund	25,302
New Perspective Fund	Mutual Fund	23,375
Smallcap World Fund	Mutual Fund	66,442
The Bond Fund of America	Mutual Fund	16,809
The Growth Fund of America	Mutual Fund	17,902
The Investment Company of America	Mutual Fund	5,938
U.S. Government Securities Fund	Mutual Fund	52,545
Total		$ 1,054,582
LOANS		$ 27,138
RECEIVABLES		
Employer		$ 7,134

STEEL MASTERS, LP 401(K) PLAN

SCHEDULE OF REPORTABLE TRANSACTIONS

DECEMBER 31, 2010

IDENTITY OF ISSUE	DESCRIPTION OF INVESTMENT	COST OF ACQUISITION	PROCEEDS OF DISPOSITION
Acquisitions	None		
Dispositions	None		

Schedule H, Line 4i
Schedule of Assets (Held At End of Year)

Name of Plan:

► Steel Masters, L.P. 401k Plan

Employer Identification Number:► 74-2174625

For plan year (beginning/ending):► 01/01/2010 - 12/31/2010 Plan number:► 1

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	Investment Co of America	Mutual Fund		5938
	Growth Fund of America	Mutual Fund		17902
	New Perspective	Mutual Fund		23375
	Bond Fund of America	Mutual Fund		16809
	American Balanced	Mutual Fund		15293
	Capital Income Builder	Mutual Fund		67652
	Europacific Growth	Mutual Fund		25302
	US Government Securities	Mutual Fund		52545
	Capital World Gr and Inc	Mutual Fund		126461
	Small Cap World Fund	Mutual Fund		66442
	AmFnds 2010 Target Date	Mutual Fund		52511
	AmFnds 2015 Target Date	Mutual Fund		48841
	AmFnds 2020 Target Date	Mutual Fund		267340
	AmFnds 2025 Target Date	Mutual Fund		99178
	AmFnds 2030 Target Date	Mutual Fund		12692
	AmFnds 2035 Target Date	Mutual Fund		34116
	AmFnds 2045 Target Date	Mutual Fund		63731
	Money Market Fund	Mutual Fund		21854
x	Loan	Participant Loan		27138

