CONTENTS

CORPORATE INFORMATION

DIRECTORS

Dato' Ghazali Bin Mat Ariff
Chairman, Non-Independent Non-Executive Director

Encik Sulaiman Bin Salleh
Senior Independent Non-Executive Director

Tuan Haji Fauzi Bin Mustapha
Independent Non-Executive Director

Mr Lim Yew Boon
Non-Independent Executive Director

Mr Lim Chin Sean
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Encik Sulaiman Bin Salleh

Members
Tuan Haji Fauzi Bin Mustapha
Mr Lim Chin Sean

NOMINATION COMMITTEE

Chairman
Encik Sulaiman Bin Salleh

Members
Tuan Haji Fauzi Bin Mustapha
Mr Lim Chin Sean

REMUNERATION COMMITTEE

Chairman
Dato' Ghazali Bin Mat Ariff

Members
Encik Sulaiman Bin Salleh
Tuan Haji Fauzi Bin Mustapha

RISK MANAGEMENT COMMITTEE

Chairman
Tuan Haji Fauzi Bin Mustapha

Members
Mr Lim Yew Boon
Mr Soo Eng Choon

CORPORATE INFORMATION (CONT'D)

COMPANY SECRETARY

Ms Chin Ngeok Mui (MAICSA 7003178)

AUDITORS

Mazars (AF:1954)
Chartered Accountants
Wisma Selangor Dredging,
7th Floor, South Block, 142-A Jalan Ampang,
50450 Kuala Lumpur.
Telephone No : 03-21615222
Telefax No : 03-21613909

REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS

Lot 11A, Jalan Utas 15/7,
40000 Shah Alam, Selangor Darul Ehsan.
Telephone No : 03-50327007 (General) / 50327300 (Sales)
Telefax No : 03-50327320 (General) / 50327321 (Sales)
E-mail : general@aisberhad.com.my
Website : www.aisberhad.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Telephone No : 03-78418000
Telefax No : 03-78418151 / 78418152

PRINCIPAL BANKERS (In alphabetical order)

AmBank Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
EON Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code 2682

LIST OF PROPERTIES

Particulars of Group Properties at 31 December 2010 are as follows:-

Tenure

Leasehold

Size

10 acres

Net Carrying Amount (RM)

19,449,039

Address

Lot 11A, Jalan Utas 15/7, Section 15,
40000 Shah Alam, Selangor Darul Ehsan.

Location

Q.T.(R) 5331 and Q.T.(R) 76 at Tapak Perusahaan Di Shah Alam
Town of Shah Alam
District of Kelang
State of Selangor Darul Ehsan

Description / Existing Use

Manufacturing concern
99 years lease
(expiring in 2069)
Buildings approximately between 28 to 39 years

Tenure

Leasehold

Size

11.5 acres

Net Carrying Amount (RM)

28,023,741

Address

Lot 6, Jalan Playar 15/1,
Section 15, 40000 Shah Alam, Selangor Darul Ehsan.

Location

H.S.(D) 1890
Lot P.T. Kawasan
Perusahaan Shah Alam
District of Petaling
State of Selangor Darul Ehsan

Description / Existing Use

Manufacturing concern
99 years lease
(expiring in 2074)
Buildings approximately between 20 to 33 years

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Company will be held at Lot 6, Jalan Playar 15/1, Section 15, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 23 June 2011 at 11.30 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2010 together with the Directors' and Auditors' Reports thereon. **Resolution 1**

2. To approve the payment of Directors' fees for the financial year ended 31 December 2010. **Resolution 2**

3. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:- **Resolution 3**
"THAT, pursuant to Section 129(6) of the Companies Act, 1965, Dato' Ghazali Bin Mat Ariff, who is of the age of seventy years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

4. To re-elect the following Director who retires by rotation pursuant to Article 116 of the Company's Articles of Association: **Resolution 4**
- Mr Lim Yew Boon

5. To re-appoint Messrs Mazars as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS:-

To consider and, if thought fit, pass with or without modifications, the following ordinary resolutions:-

6. **Authority for Directors to allot and issue shares in the Company pursuant to Section 132D of the Companies Act, 1965** **Resolution 6**

"**THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being."

7. **Proposed Renewal of Authority for the Company to Purchase Its Own Shares ("Proposed Share Buy-Back")** **Resolution 7**

"**THAT** subject to the requirements of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), Companies Act, 1965 ("the Act"), and the Articles of Association of the Company, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.50 each in the Company through Bursa Securities, as may be determined by the Directors of the Company from time to time upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

(ii) the funds allocated by the Company for the Proposed Share Buy-Back shall not exceed the aggregate retained profits and share premium accounts of the Company; and

(iii) the authority conferred by this resolution shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, whether unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting, whichever occurs first.

THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased in the following manner:

(a) cancel all the shares so purchased; and/or

(b) retain the shares so purchased as treasury shares, for distribution as share dividends to the shareholders and/or resell on the market of Bursa Securities; and/or

(c) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Share Buy-Back with full power to assent to any modifications and/or amendments as may be required by the relevant authorities."

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

CHIN NGEOK MUI (MAICSA 7003178)
Company Secretary

Shah Alam, Selangor Darul Ehsan
31 May 2011

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes: -

1. *A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A proxy may but need not be a member of the Company.*

2. *In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised on their behalf.*

3. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

4. *The instrument appointing a proxy must be deposited at the Company's registered office at Lot 11A, Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

Explanatory Notes on Special Business

1. ***Resolution 6***
   Authority for Directors to allot and issue shares in the Company pursuant to Section 132D of the Companies Act, 1965

   This Ordinary Resolution proposed is in line with the Company's plans for expansion/diversification. The Company is actively looking into prospective areas to broaden the operating base and earnings potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.

   In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is considered appropriate that the Directors be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purpose.

   This authority is a renewal of the existing general mandate which will expire at the forthcoming Fortieth Annual General Meeting. The Company did not utilise the general mandate obtained at the last Annual General Meeting and thus no proceeds were raised from the previous mandate.

2. ***Resolution 7***
   Proposed Share Buy-Back Mandate

   This proposed resolution, if passed, will empower the Directors of the Company to continue to buy back the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company at any point in time, by utilising the funds allocated which shall not exceed the aggregate retained profits and share premium of the Company.

   This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   For further information on the Proposed Share Buy-Back, please refer to the Circular to Shareholders dated 31 May 2011 enclosed together with the Company's 2010 Annual Report.

BOARD OF DIRECTORS

From left to right

- **Mr Lim Yew Boon**
  (Non-Independent Executive Director)
- **Tuan Haji Fauzi Bin Mustapha**
  (Independent Non-Executive Director)
- **Dato' Ghazali Bin Mat Ariff**
  (Chairman, Non-Independent Non-Executive Director)
- **Encik Sulaiman Bin Salleh**
  (Senior Independent Non-Executive Director)

Not in the picture:

- **Mr Lim Chin Sean**
  (Non-Independent Non-Executive Director)

PROFILE OF DIRECTORS

DATO' GHAZALI BIN MAT ARIFF
Chairman, Non-Independent Non-Executive Director

Dato' Ghazali Bin Mat Ariff, a Malaysian aged 70, is a Non-Independent Non-Executive Director of Amalgamated Industrial Steel Berhad. He was appointed to the Board on 9 December 2003 and assumed the position as Chairman of the Company on 26 September 2007. He also serves as Chairman to the Remuneration Committee.

Dato' Ghazali is an Advocate and Solicitor. He qualified as a Barrister-at Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court of Malaya on 27 September 1979. He set up a legal firm under the name of Messrs. Ghazali Ariff & Partners in March 1980 and is currently the Senior Partner of the firm.

From 1979 to 1980 he worked as a legal assistant at Messrs. Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur. Prior to that, he was a college trained teacher at Chung Hwa Confucian High School Penang from 1962 to 1968 and a lecturer at Sultan Hassanal Bolkiah Teachers' Training College Brunei Darussalam from 1968 to 1974.

Apart from Amalgamated Industrial Steel Berhad, Dato' Ghazali sits on the Board of two public companies, namely, Advanced Packaging Technology (M) Berhad and Eden Inc. Berhad. He also sits on the Board of several private limited companies.

Dato' Ghazali is the vice president of Jemaah Dato'-Dato' Perlis and a member of the Board of Trustees of Yayasan Pahlawan Perlis. He was appointed as a Commissioner for Oaths from 1995 till 2005. From September 1995 to December 1999, he was the Honorary Vice Consul of the Republic of Finland in Kuala Lumpur. Dato' Ghazali was also the Honorary Legal Advisor of Malaysia Thai Association from 1999 to 2002.

Dato' Ghazali attended all five Board meetings held during the financial year ended 31 December 2010.

ENCIK SULAIMAN BIN SALLEH
Senior Independent Non-Executive Director

Encik Sulaiman Bin Salleh, a Malaysian aged 66, is the Senior Independent Non-Executive Director of the Company. He was appointed to the Board in November 1993 and has served as Chairman of the Audit Committee since March 1996. He also serves as Chairman of the Nomination Committee and is a member of the Remuneration Committee.

He qualified as an Accountant with the Association of Chartered Certified Accountants (United Kingdom) and is a member of the Malaysian Institute of Accountants. Encik Sulaiman has over 40 years of working experience, which include an early career with Inland Revenue Department and later with KL Glass Manufacturer Berhad and lastly, he joined the financial services sector. His careers include that in life and general insurance, family and general takaful, offshore insurances, asset management and unit trust management. In 1996, Encik Sulaiman was appointed as Chief Executive Officer of Malaysian National Insurance Berhad and Managing Director of MNI Holdings Berhad.

Encik Sulaiman currently acts as Chairman of Etiqa Offshore Insurance Ltd and Etiqa Life International Ltd. He is also a Director of Taliworks Corporation Berhad, Mayban Life International (Labuan) Ltd, and PTB Unit Trust Berhad.

Encik Sulaiman attended all five Board meetings held during the financial year ended 31 December 2010.

TUAN HAJI FAUZI BIN MUSTAPHA
Independent Non-Executive Director

Tuan Haji Fauzi Bin Mustapha, a Malaysian aged 67 years, joined the Board of Amalgamated Industrial Steel Berhad in November 1993 as a Non-Independent Non-Executive Director representing Permodalan Nasional Berhad ("PNB"). Following his retirement from the PNB Group and upon his declaration as such, he was re-designated as an Independent Non-Executive Director of the Company. He serves as a member of the Audit Committee since January 2000 and also serves as a member in the Nomination Committee and the Remuneration Committee. He serves as Chairman to the Risk Management Committee since November 2007.

In the PNB Group, Tuan Haji Fauzi, who holds a Diploma in Marketing, the Chartered Institute of Marketing, UK, and a Bachelor of Arts (Honours) Degree from University Malaya, served for almost 19 years with Amanah Saham Nasional Berhad ("ASNB"), and the last position he held was as Head of Department of the Services and Quality Assurance Management Department. From January 2000 until March 2002, he held the position of Director of Human Resources in HeiTech Padu Berhad ("HPB"). He was, thereafter, designated as a Consultant to initiate HPB's quality movements until December 2002.

Tuan Haji Fauzi attended four out of five Board meetings held during the financial year ended 31 December 2010.

MR LIM YEW BOON
Non-Independent Executive Director

Mr Lim Yew Boon, a Malaysian aged 53, is a Non-Independent Executive Director of Amalgamated Industrial Steel Berhad. He was appointed to the Board on 9 December 2003. He had served as a member of the Audit Committee from 16 December 2003 till 22 November 2007. He is currently a member of the Risk Management Committee.

Apart from Amalgamated Industrial Steel Berhad, Mr Lim Yew Boon also sits on the Board of Taliworks Corporation Berhad and several private limited companies, namely Grand Saga Sdn Bhd, SWM Environment Sdn Bhd and a few others.

Prior to his appointment to the Board of Amalgamated Industrial Steel Berhad, Mr Lim Yew Boon served as the Group Chief Operating Officer in LGB Group of Companies. He holds a Diploma in Civil Engineering and started his career in the field of construction with consultant engineers. With over twenty years of varied corporate and management experience, he has wide in-depth exposure in various key industries covering construction, manufacturing, property development and public utilities.

Mr Lim Yew Boon is a cousin of Mr Lim Chin Sean, who is a Director of the Company.

Mr Lim Yew Boon attended all five Board meetings held during the financial year ended 31 December 2010.

MR LIM CHIN SEAN
Non-Independent Non-Executive Director

Mr Lim Chin Sean, a Malaysian aged 30, is a Non-Independent Non-Executive Director of Amalgamated Industrial Steel Berhad. He was appointed to the Board as a principal Director on 26 September 2007. Prior to his appointment, he was an alternate director to Dato' Ghazali Bin Mat Ariff since 23 November 2005. He is a member of the Audit Committee and Nomination Committee.

Mr Lim Chin Sean holds a Bachelor of Computer System Engineering Degree (Honours) from University of Kent, United Kingdom.

He joined the LGB Group of Companies since September 2003 and is currently involved in property development, construction projects, manufacturing and IT advisory services. He also sits on the board of several private limited companies.

Mr Lim Chin Sean is a cousin of Mr Lim Yew Boon, who is the Non-Independent Executive Director of the Company.

Mr Lim Chin Sean is a substantial shareholder of the Company by virtue of his substantial shareholdings in Telaxis Sdn Bhd, which is a substantial shareholder of the Company.

Mr Lim Chin Sean attended four out of five Board meetings held during the financial year ended 31 December 2010.

Save as disclosed, none of the Directors has family relationship with any director and/or major shareholder of the Company.

None of the Directors of the Company has entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. All Directors have no convictions for offences within the past ten years.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of both the Company and the Group for the financial year ended 31 December 2010 ("2010").

FINANCIAL PERFORMANCE

Looking at the last financial year 2010, market conditions were characterized by a contrast of two halves. Demand and steel prices gradually strengthened through the first half of 2010 thus lifting profitability. However, the nascent demand recovery was undermined by the plunge in steel coil prices in the latter half which dragged selling prices down in tandem. In addition, the sluggish environment and the high average cost of existing inventory contributed to revenue contraction and margin compression which pushed the Group back to a pre-tax loss.

After a prolonged recessionary period from the second half of 2008 until the end of 2009, the Group turned around its operations to profitability during the first half of 2010 to record a pre-tax profit of RM1.314 million. When compared to a pre-tax loss of RM11.874 million recorded in the previous corresponding period in 2009, it was an improvement of RM13.188 million. Despite recording approximately same sales volume for the two comparative periods, gross margin in 2010 was significantly higher than 2009 due to better product selling prices and lower average cost.

The favourable business environment during the first half of 2010 was short-lived as the Group again experienced another dip in performance during the second half of 2010. The main cause was the plummeting steel coil prices and slumping product prices. Despite higher sales volume compared to the 2009 corresponding period, product margins dropped significantly pushing pre-tax loss to RM5.615 million.

Overall, for the financial year under review, the Group registered a pre-tax loss of RM4.301 million as compared to a pre-tax loss of RM11.581 million recorded in 2009. Group turnover for the year was RM116.29 million and compared to 2009 turnover of RM111.429 million, was higher by RM4.861 million.

BUSINESS OVERVIEW AND CURRENT OUTLOOK

The year 2010 had earlier been envisaged to be a recovery year after the long recession of 2008 / 2009 but the collapse of steel price during the second half of 2010 had reversed the whole business situation. Initially during the first half of 2010, domestic price of hot rolled coils rose to a peak of approximately RM2,700 per metric ton. However, the price level proved unsustainable and started to correct in July and sunk to its low in October of approximately RM2,200 per metric ton. This significant drop in material price of RM500 per metric ton within four months was the major contributor to the slump in the steel pipe sector. Prices of steel coils remained soft over subsequent months and until February 2011 when prices started to trend upwards. Subsequently between the period from February to May 2011, prices had risen by RM450 per metric ton to approximately RM2,600 per metric ton.

The recent recovery in material prices has provided some positive impetus to steel pipe prices to rise as well. As such, the Company's business performance for the first quarter 2011 has improved amid heightened cost inflation and competitive pressure.

For the current year, while demand is likely to keep improving as global economic recovery gains traction, there are still potential headwinds and the market could decline if demand growth fails to meet expectation.

Currently, the world economic situation is confronted with more uncertainties arising from the escalating civil wars in the Middle-East and the devastating Japan earthquake cum tsunami. While the recent incidences may have some temporary adverse effects on steel demand, we choose to be cautiously optimistic that the business situation may improve from the second quarter onwards, driven by the various major projects earmarked for implementation under the Tenth Malaysian Plan and Government Transformation Programs.

The Group will strive to raise sales volume in 2011 to bolster operating margins through more aggressive marketing. Prudent inventory and tight credit management will be pursued to ensure optimization of inventory turns and timely collection of debts to ease cash flows. Continuous efforts will be made to manage cash flow effectively to keep financing facilities to an affordable level. In view of the intense competition for product pricing in the market, the Group will continue to improve productivity yields to keep product cost low.

CORPORATE SOCIAL RESPONSIBILITY

The Group is totally committed to ensure the practice of Corporate Social Responsibility, and is pleased to state some of the processes which continue to be conducted during the year under review:-

a) Continuous application of operating processes approved under the Quality Management System to provide good quality products and services to valued customers at affordable prices. The Group was accredited with MS ISO9001:2000 since 5 June 1998 to achieve its key objective of maintaining its production processes to the best standards.

b) Continuous practice of a quality work environment through awareness campaigns. The Group is committed to maintain high safety and health standards at the work place at all times.

c) Continuous allocation of financial and training resources to enhance the long-term value of its human capital. Good training and development will equip the employees with skills and the capabilities to improve operational efficiency and productivity.

d) Recognition of long-service employees through special ceremonies to grant achievement certificates and tokens of awards upon retirement.

e) Proper disposal of scraps and sludge waste. The Group is committed to proper policies on waste disposal through approved agents. These initiatives enable us to prevent scheduled waste disposal contaminating the environment, thus preserving a cleaner environment.

DIVIDEND

In view of the Group's overall adverse performance in 2010 and the need to accommodate the Group's cash flow plan, the Board of Directors has decided not to recommend a dividend for this financial year.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to express our sincere appreciation to our shareholders, financial institutions, customers, suppliers and business associates for their continued support and confidence in the Group.

I also wish to take this opportunity to thank my fellow board members and all members of the management team and their staff for their commitment and perseverance to steer the Group through the recent crisis. I look forward to your continuous support to enable the Group to succeed in turning around this year and to achieve better profits in the future.

Dato' Ghazali Bin Mat Ariff
Chairman

21 April 2011

GROUP FINANCIAL HIGHLIGHTS

	& 2006 RM' 000	2007 RM' 000	2008 RM' 000	2009 RM' 000	2010 RM' 000
1. RESULT OF OPERATIONS					
Gross Revenue	191,107	143,107	168,637	111,429	116,289
Profit/(Loss) Before Interest, Tax and Depreciation	5,737	6,983	17,451	(7,740)	847
Profit/(Loss) Before Tax	538	2,444	12,467	(11,581)	(4,302)
Profit/(Loss) After Tax	38	1,619	9,915	(9,049)	(3,818)
2. FINANCIAL POSITION					
Equity And Long Term Liabilities					
Authorised Share Capital	100,000	100,000	100,000	100,000	100,000
Paid-Up Share Capital	60,204	60,250	60,261	60,261	60,261
New Shares Issued	150	46	11	-	-
Treasury Stock	(818)	(2,591)	(2,896)	(3,572)	(3,720)
Share Premium	22	25	29	29	29
Asset Revaluation Reserve	7,682	7,969	8,927	8,780	8,611
Share Option Reserve	67	121	-	-	-
Unappropriated Profit	25,133	25,110	33,288	21,504	17,002
Shareholders' Fund	92,290	90,884	99,610	87,002	82,183
Retirement Gratuities	559	539	630	667	625
Deferred Tax Liabilities	4,472	3,756	4,838	2,402	2,011
Bank Borrowings (non-current)	-	-	-	-	8,092
Long Term Assets					
Property, Plant & Equipments	53,091	52,699	53,749	52,095	51,793
Other Investment	16	16	15	15	15
Deferred Tax Assets	-	-	1,009	929	1,022
Other Assets And Liabilities					
Current Assets	103,751	132,066	124,376	116,039	113,514
Current Liabilities	59,538	89,601	74,072	79,007	73,433
Net Current Assets	44,213	42,465	50,304	37,033	40,081
Total Assets	156,858	184,781	179,149	169,078	166,344
3. FINANCIAL RATIO					
Return on Equity (%)	0.04	1.78	9.95	(10.40)	(4.65)
Profit/(Loss) Before Interest, Tax and Depreciation on Revenue (%)	3.00	4.88	10.35	(6.95)	0.73
Profit/(Loss) Before Tax on Revenue (%)	0.28	1.71	7.39	(10.39)	(3.70)
Debt Equity Ratio (times)	0.70	1.03	0.80	0.94	1.02
Current Ratio (times)	1.74	1.47	1.68	1.47	1.55
Liquidity Ratio (times)	0.78	0.62	0.37	0.41	0.51
Interest Cover (times)	1.20	1.85	4.53	(4.33)	(0.34)
4. PER SHARE					
Earning Per Share (Sen)	0.03	1.4	8.6	(7.9)	(3.3)
Share Price (Sen)	67	50	30	49	42
Net Asset Per Share (Sen)	77.55	78.23	86.22	76.28	72.26
Gross Dividend Rate (%)	3*	3.5*	5*	1.5*	Nil
Gross Dividend Per Share (Sen)	1.5	1.75	2.5	0.75	Nil

NOTE
** Dividend paid is exempted from income tax*
& Covers a period of 18 months

ANALYSIS OF SHAREHOLDINGS

AS AT 3 MAY 2011

Share Classification and Voting Rights

Class of Shares	:	Ordinary Shares of RM0.50 each
Voting Rights by show of hand	:	One vote for every member
Voting Rights by poll	:	One vote for every share held
Authorised Share Capital	:	200,000,000 Ordinary Shares of RM0.50 each
Issued and Paid-up Capital	:	120,521,875 Ordinary Shares of RM0.50 each (including 6,788,300 ordinary shares of RM0.50 each retained as Treasury Shares)

1. Distribution of Shareholdings and Number of Shareholders as at 3 May 2011

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholdings	No. of Shares Held	Percentage (%) of Issued Shares
Less than 100	359	7.66	13,561	0.01
100 - 1,000	268	5.72	140,417	0.12
1,001 - 10,000	3,148	67.19	11,327,765	9.96
10,001 - 100,000	808	17.25	23,013,486	20.23
100,001 - 5,686,677 *	100	2.13	40,104,371	35.26
5,686,678 and above **	2	0.04	39,133,975	34.41
Total	4,685	100.00	113,733,575	100.00

** - Less than 5% of issued shares*
*** - 5% and above of issued shares*

2. List of Thirty (30) Largest Shareholders as per Records of Depositors as at 3 May 2011

No.	Name of Shareholders	No. of Shares of RM0.50 each	Percentage (%)
1	Telaxis Sdn Bhd	31,475,175	27.67
2	Puan Sri Elham Hamid Binti Abdullah	7,658,800	6.73
3	Excel Impression Sdn Bhd	4,950,788	4.35
4	Mass Ocean Sdn Bhd	3,916,125	3.44
5	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yeap Yee Soon (MY0586)	2,225,000	1.96
6	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	2,011,250	1.77
7	Lim Seng Chee	1,640,050	1.44
8	Era Erat Sdn Bhd	1,316,800	1.16
9	Yap Kiew @ Yap Yoke Ho	1,193,400	1.05
10	Teoh Hunt Thuim	968,600	0.85
11	Citigroup Nominees (Asing) Sdn Bhd Exempt An for OCBC Securities Private Limited (Client A/C-NR)	948,500	0.83
12	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chea Hock Hai (8037352)	899,400	0.79
13	Lim Seng Qwee	832,700	0.73
14	HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Joseph Salang Anak Gandum (M05)	700,050	0.62
15	Siou Chin Hock	691,700	0.61
16	Dato' Ghazali Bin Mat Ariff	657,125	0.58

AS AT 3 MAY 2011

17	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Chew Huat (E-SPG)	652,425	0.57
18	Lai Chin Yang	591,800	0.52
19	Farah Pawanteh Binti Abdul Hamid	479,900	0.42
20	HLG Nominee (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	444,550	0.39
21	Sik Chee Kiong	400,000	0.35
22	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loke Teik Lee (E-BPJ)	382,200	0.34
23	MH Steel Sdn Bhd	379,300	0.33
24	Pacific Strike Sdn Bhd	357,800	0.31
25	CIMSEC Nominees (Asing) Sdn Bhd Exempt An for CIMB-Securities (Singapore) Pte Ltd (Retail Clients)	345,825	0.30
26	Lim Kian Wat	332,382	0.29
27	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kok Leong (CHU 1423C)	300,000	0.26
28	Azmil Farid Bin Zabir	300,000	0.26
29	Lim Hung Puan	290,000	0.25
30	Tan Chee Beng	270,000	0.24
	Total	67,611,645	59.45

3. List of Substantial Shareholders as per Register of Substantial Shareholders as at 3 May 2011

Name	No. of Shares			
	Direct	%	Indirect	%
Telaxis Sdn Bhd	31,475,175	27.67	-	-
Puan Sri Elham Hamid Binti Abdullah	7,658,800	6.73	-	-
Dato' Lim Chee Meng	15,750	0.01	*31,475,175	27.67
Mr Lim Chin Sean	-	-	*31,475,175	27.67
L.G.B. Holdings Sdn Bhd	-	-	#31,475,175	27.67
Adil Cita Sdn Bhd	-	-	#31,475,175	27.67

Notes:-

* *Deemed interest by virtue of his interest in Telaxis Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

\# *Deemed interest by virtue of its interest in Telaxis Sdn Bhd pursuant to Section 6A (4)(C) of the Companies Act, 1965.*

4. List of Directors' Shareholdings as per Register of Directors' Shareholdings as at 3 May 2011

Name	No. of Shares			
	Direct	%	Indirect	%
a) Dato' Ghazali Bin Mat Ariff	657,125	0.58	-	-
b) En Sulaiman Bin Salleh	20,000	0.02	-	-
c) Tuan Haji Fauzi Bin Mustapha	20,000	0.02	-	-
d) Mr Lim Yew Boon	10,000	0.01	-	-
e) Mr Lim Chin Sean	-	-	*31,475,175	27.67

Notes:-

* *Deemed interest by virtue of his interest in Telaxis Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.*

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Amalgamated Industrial Steel Berhad ("AISB or the Company") is committed in ensuring that the highest standards of corporate governance are practised in the Company and its subsidiaries to protect and enhance shareholders' value and the financial performance of the Group.

The Board is pleased to state that the Company has fully complied with Part 1 and 2 of Malaysian Code of Corporate Governance ("the Code"). These principles and practices set out in the Code have been applied throughout the financial year ended 31 December 2010.

1. THE BOARD OF DIRECTORS

a) Board Responsibilities

The Board is overall responsible for the corporate governance structure of the Group. Its key responsibilities include review of the strategic direction of the Group, establishing goals for management and monitoring achievement of these goals.

There is a schedule of matters reserved specifically for the Board's decision, which includes approval of corporate plans and annual budgets, announcement of quarterly results, major capital expenditure, significant financial matters and the adequacy and integrity of internal controls, including risk assessment.

The Board delegated certain responsibilities to the Board Committees namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee. These Committees have the authority to examine specific issues and forward their recommendations to the Board. The ultimate responsibility for final decisions on all matters, however, rest with the Board.

b) Board Composition and Balance

The Board consists of five (5) members, comprising of one (1) Executive Director and four (4) Non-Executive Directors. Two of the Directors are independent, which is in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in respect of the board composition.

The composition of the Board reflects a balance of Executive, Non-Executive and Independent Directors with a wide range of professional skills, which are relevant and necessary for the business direction of the Group. A brief profile of each Director is presented on pages 9 to 10 of this Annual Report.

The Group practises a faithfully observed division of responsibilities between the Chairman and Executive Director. The roles of the Chairman and Executive Director are separate and clearly defined, and are held individually by two persons. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Executive Director is responsible for the day-to-day running of the business and implementation of Board's policies and decisions.

The Independent Non-Executive Directors are independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. They provide a check and balance on the performance of management. Encik Sulaiman Bin Salleh has been identified as the Senior Independent Non-Executive Director for which all concerns regarding the Group may be conveyed.

c) Board Meetings

Board meetings are held at least four (4) times a year, with additional meetings convened when necessary. Due notice is given for the meetings and matters to be dealt with.

Senior Management staff may be invited to attend meetings to provide the Board with their views and explanations on certain agenda tabled and to furnish their clarification on issues that may be raised.

During the financial year ended 31 December 2010, five (5) Board meetings were held. The following is the record of attendance of the Board members:-

	Attendance/No. of Meetings Held	Percentage
Dato' Ghazali Bin Mat Ariff	5/5	100%
Tuan Haji Fauzi Bin Mustapha	4/5	80%
Encik Sulaiman Bin Salleh	5/5	100%
Mr Lim Yew Boon	5/5	100%
Mr Lim Chin Sean	4/5	80%

All the directors have attended more than 50% of the total Board meetings held during the financial year ended 31 December 2010.

d) Board Committees

Audit Committee

The report of the Audit Committee is set out on pages 23 to 25 of this Annual Report.

Nomination Committee

The Board established a Nomination Committee in May 2002 consisting of the following Directors:-

Chairman	:	**Encik Sulaiman Bin Salleh** (Independent Non-Executive Director)
Members	:	**Mr Lim Chin Sean** (Non-Independent Non-Executive Director)
	:	**Tuan Haji Fauzi Bin Mustapha** (Independent Non-Executive Director)

The function of the Nomination Committee is to assist the Board in discharging its responsibilities, particularly in:-

(i) assessing the effectiveness of the Board, respective Committees and contribution of each Director;

(ii) identifying, appointing and orientating new directors; and

(iii) identifying the relevant skills and experience and other qualities the Board needs for it to function effectively and efficiently.

Remuneration Committee

The Board established a Remuneration Committee in May 2002 consisting of the following Directors:-

Chairman	:	**Dato' Ghazali Bin Mat Ariff** (Non-Independent Non-Executive Director)
Members	:	**Encik Sulaiman Bin Salleh** (Independent Non-Executive Director)
	:	**Tuan Haji Fauzi Bin Mustapha** (Independent Non-Executive Director)

The Remuneration Committee reviews the remuneration package and other benefits applicable to the Executive Director.

Risk Management Committee ("RM Committee")

The Board established the RM Committee in November 2007 consisting of the following members:

Chairman	:	**Tuan Haji Fauzi Bin Mustapha** (Independent Non-Executive Director)
Members	:	**Mr Lim Yew Boon** (Non-Independent Executive Director)
	:	**Mr Soo Eng Choon** (Chief Operating Officer)

The function of the RM Committee is to assist the Board in discharging its responsibilities, particularly in:-

(i) reviewing the Group's overall objectives by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis.

(ii) promoting and ensuring risk management process and culture are embedded throughout the Group.

(iii) reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.

(iv) ensuring adequate infrastructure, resources and systems are established to make risk management effective.

(v) identifying other corporate risks areas such as regulatory compliances, new business development and financial issues.

(vi) establishing a task force as the main risk management unit to oversee the proper operating, reviewing and controlling of risk pertaining to functional activities.

e) Supply of Information

Papers, reports and relevant supporting documents to be tabled at a Board meeting are distributed in advance so that the Board members are duly informed and prepared to participate in the deliberations. Certain reports, such as those relating to the Company's financial results for statutory announcements, are submitted to the Audit Committee for their review and recommendation to the Board for approval thereafter.

Company secretarial functions continue to be outsourced. However, as has always been the case, Directors can readily access the advice and services of the Company Secretary who is responsible for ensuring that all laws and regulations relating to Board procedures are fully complied. The Directors may also seek independent professional advice at the Company's expense if such advice is necessary to facilitate a decision in discharging their duties.

f) Appointments to the Board

The Board recognises its responsibility to carefully appraise and consider the appointment of new and existing Directors so as to continue functioning effectively. Thus, whilst the initial appraisal of new candidates is delegated to the Nomination Committee, the Board will ensure that the appointment or reappointment of each Director will, the very least, maintain the good balance of skills and experience in its composition.

g) Re-election to the Board

The Company's Articles of Association ("Articles") require a Director to retire at the Annual General Meeting following his appointment but he shall be eligible for re-election. The Articles also provide that one third or the number nearest one third of the Directors in office are to retire by rotation at each annual general meeting and the Directors may offer themselves for re-election.

Directors of or over the age of seventy (70) years of age are required to offer themselves for re-election at each annual general meeting in accordance with Section 129(6) of the Companies Act, 1965.

h) Directors' Training

All the Directors have successfully completed the Mandatory Accreditation Programme ("MAP") and have met the requirements of the Continuing Education Programme ("CEP") as prescribed by Bursa Securities.

During the financial year ended 31 December 2010, the Directors attended the following training programme, which was relevant in assisting the Directors in discharging their duties and responsibilities:

Directors	Training / Seminar Attended
Dato' Ghazali Bin Mat Ariff	• Implementing Effective Corporate Social Responsibility.
Tuan Haji Fauzi Bin Mustapha	• Implementing Effective Corporate Social Responsibility.
Encik Sulaiman Bin Salleh	• Implementing Effective Corporate Social Responsibility.
Mr Lim Yew Boon	• Implementing Effective Corporate Social Responsibility. • Think on your feet.
Mr Lim Chin Sean	• Think on your feet.

In line with the principle of continuing education, the Directors will continue to undergo training programmes to further enhance their skills and update their knowledge on relevant regulations and corporate governance developments.

i) Directors' Remuneration

All Directors receive directors' fees determined by the Board based on the level of responsibilities. Meeting allowances are also paid to Directors at each Board and Committee meetings.

Set out below are directors' remuneration paid or payable by the Company for financial year ended 31 December 2010, in aggregation and analysed into bands of RM50,000 :-

Category of Remuneration	Executive Director (RM)	Non-Executive Directors (RM)
Salaries	322,000	-
Fees	-	88,000
Meeting Allowances	7,000	44,800
Benefits-In-Kind	19,693	14,003
TOTAL	348,693	146,803

Range of Remuneration	Number of Directors Executive	Non-Executive
Less than RM50,000	-	4
From RM300,001 to RM350,00	1	-

2. INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Group recognises the importance of timely and thorough dissemination of information to shareholders and investors on all business matters. The Company is committed to keeping shareholders duly informed while always mindful of the laws and regulations governing the release of specific information.

Communication is currently done through published reports and timely statutory periodic announcements to Bursa Securities. In addition to various announcements made during the year, information on the Company is available on the Company's website at www.aisberhad.com.my. Shareholders are also welcomed at annual general meetings where every effort is made to respond to all questions, issues, suggestions and observations raised.

3. ACCOUNTABILITY AND AUDIT

a) Financial Reporting

The Board is firmly resolved to present a proper and meaningful assessment of the Group's financial performance and prospects in every interim and annual reports. In this connection, it is supported by the Audit Committee, which diligently ensures the accuracy, adequacy and reasonableness of information prior to reporting.

b) Internal Control

The Board has taken the responsibility of identifying and reviewing the adequacy of the Group's internal control systems in compliance with the applicable laws, regulations, rules, directives and guidelines. The Statement on Internal Control is presented on page 21 to 22 of this Annual Report. The Board will ensure the continuous process of identifying, evaluating and managing the internal control systems within the Group for review by the Audit Committee.

c) Relationship with External Auditors

The role of the Audit Committee in relation to the external auditors may be found in the Audit Committee Report set out in pages 23 to 25 of this Annual Report. The Company has always maintained a transparent and appropriate relationship with its auditors in seeking professional advice and ensuring compliance with relevant accounting standards in Malaysia.

d) Directors' Responsibility Statement

The Board duly upholds its responsibility in ensuring that the Group financial statements give a true and fair view of its state of affairs as at the end of the accounting period to which they refer. This true and fair view relates also to the Group's profit/loss and cashflow positions over the same period.

In preparing the financial statements for financial year ended 31 December 2010, as has been its unwavering practice, the Board has ensured full compliance with all applicable accounting standards and provisions of the Companies Act of Malaysia. It has also consistently selected and applied appropriate accounting policies and made reasonable and prudent judgment and estimates based on proper accounting records.

4. ADDITIONAL COMPLIANCE INFORMATION

a) Share Buy-Back

During the financial year, the Company purchased in the open market a total of 323,600 of its own shares at an average cost of RM0.459 per ordinary share. Details of the Company's share buy-back during the financial year ended 31 December 2010 are set out on page 62 of this Annual Report.

The total shares purchased are held as treasury shares and carried at cost in accordance with the requirement of Section 67A of the Companies Act, 1965. None of the treasury shares has been resold, cancelled or distributed as share dividends during the financial year under review.

b) **Options, Warrants or Convertible Securities**

There was no issuance of any warrants, convertible securities or options during the financial year ended 31 December 2010.

c) **Non-Audit Fees**

For the financial year ended 31 December 2010, non-audit fees totaling RM2,000 was paid by the Company to the External Auditors.

d) **Recurrent Related Party Transactions of a Revenue or Trading Nature**

During the financial year under review, the Company has disclosed its related party relationship in Note 23 of the financial statements set out on page 68 to 69 of this Annual Report.

No shareholders' mandate was issued for the recurrent related party transactions entered into by the Company and/or the Group as the amount transacted were within the limits stipulated in Paragraph 10.09(1)(b) of the Listing Requirements.

e) **Material contracts**

There were no material contracts entered into by the Company and/or the Group, which involved directors and shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

f) **American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")**

The Company did not sponsor any American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") programme during the financial year ended 31 December 2010.

g) **Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any relevant regulatory bodies during the financial year under review.

h) **Profit Guarantee**

There were no profit guarantees given or received by the Company during the financial year under review.

i) **Variation in Results**

There was no material variation between the audited results for the financial year ended 31 December 2010 and the unaudited results previously released for the financial quarter ended 31 December 2010.

j) **Utilisation of Proceeds**

The Company did not carry out any fund raising exercise during the financial year under review.

k) **Revaluation Policy on Landed Properties**

The Group has a policy of revaluing its buildings at least once in every 5 years. The last revaluation was done on 19 December 2008.

STATEMENT ON INTERNAL CONTROL

1. INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities, the Board of Directors is pleased to issue this statement on internal control of the Group for the financial year ended 31 December 2010.

2. BOARD'S RESPONSIBILITY

The Board acknowledges the importance of systems of internal control and recognizes that it is their responsibility to maintain a sound system of internal control to safeguard shareholders' investment. In this connection, the Board confirms that there is on-going effort to identify risks and to introduce or improve controls in the functional areas.

The Board has established the Risk Management Committee ("RMC") to oversee the effective implementation of the risk management process.

The Audit Committee ("AC") complements the role of the RMC by providing an independent assessment of the effectiveness, adequacy and reliability of the risk management process, compliance with risk policies, applicable laws, regulations, rules, directives and guidelines. These assessments are assisted by an independent internal audit function.

As there are limitations inherent in any systems of internal control, therefore, it shall be noted that the controls are designed and positioned to mitigate risks but not eliminating the present and future risks. In this connection, it shall also be noted that systems of internal control can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

3. RISK MANAGEMENT FRAMEWORK

The RMC which was established on 14 November 2007, formally adopted the Risk Management Framework designed for the Group. This framework provides guidance and facilitates a structured approach for identifying, evaluating and managing significant risks that could inadvertently prevent the achievement of business objectives.

The Board has approved the following Terms and Reference for the RMC:

a. To review the Group's overall objectives by assessing the adequacy and effectiveness of the risk portfolio composition and risk mitigation controls in determining the desired exposures of each major area on a periodic basis.

b. To promote and ensure that the risk management process and culture are embedded.

c. To review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks and their effectiveness.

d. To ensure adequate infrastructure, resources and systems are in place for managing risks.

e. To identify other corporate risk areas such as regulatory compliances, new business development and financial issues.

f. To establish a task force to oversee the proper conduct of regular review and control of risk in the functional activities.

The RMC had approved the Risk Handbook, which was developed by the Risk Management Taskforce. The aim of the Handbook is to introduce a standardized approach for departments to adopt and assist in identification, analysis and management of risks.

To complement the current risk management processes, the Management with the assistance and facilitation of the Internal Auditors conducted a risk assessment exercise during the financial year. In this exercise, a structured risk management framework was introduced and possible key risks that could affect the achievement of the Group's objectives, the control and mitigating action plans were identified and documented. A risk report was presented to the Board and the AC for discussion and formalization of actions plan during the financial year.

4. INTERNAL CONTROL

The key elements of the Group's internal control system are as follows:

- A functional organizational structure that defines the level of authority and responsibilities of management.
- Policies and procedures, updated as necessary, are documented and communicated to personnel for compliance.
- ISO 9001:2000 international quality management system standard providing a foundation for improving key processes, quality, customer service and customer satisfaction.

- A RMC with defined responsibilities as set out on Page 17.
- An AC with defined responsibilities as set out on Page 23 & 24.
- An internal audit function, which is accountable to the AC, objectively reviews and reports on the effectiveness of control processes.
- An annual operating budget approved by the Board.
- Appropriate human resource guidelines for hiring and terminating staff, formal training programmes, annual performance appraisals and other relevant procedures are in place to ensure employees' competency.
- The Executive Director and Management monitoring of the Group's performance using key performance indicators, monthly management reports and periodic management meetings. These performance reports are benchmarked against budgets. Any exceptions noted will be investigated and reported.
- Quarterly monitoring of financial results by the Board.

In making this statement, the Board had considered the Bursa's Guidance on Statement on Internal Control for all subsidiaries. The Board is of the view that there has been no significant breakdown or weaknesses in the systems of internal control of the Group that may result in material losses incurred for the financial year ended 31 December 2010.

AUDIT COMMITTEE REPORT

1. MEMBERS

Name	Designation	Directorship
Encik Sulaiman Bin Salleh	Chairman	Senior Independent Non-Executive Director and a member of the Malaysian Institute of Accountants
Tuan Haji Fauzi Bin Mustapha	Member	Independent Non-Executive Director
Mr Lim Chin Sean	Member	Non-Independent Non-Executive Director

2. TERMS OF REFERENCE

2.1 Purpose

The primary objective of the Committee is to assist the Board to effectively discharge its fiduciary responsibilities with regard to corporate governance, financial reporting and internal control.

2.2 Membership

The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members. All Committee members must be non-executive Directors, with a majority of them being independent directors. All Committee members should be financially literate and at least one of the Committee members:

(i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
(ii) if he is not a member of the MIA, he must have at least three years' working experience and :
  (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants' Act 1967; or
  (b) he must be a member of one of the associations of accountants specified in Part II of the said Schedule; or
(iii) must have a degree/master/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
(iv) must have at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
(v) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The Chairman shall be an independent, non-executive Director appointed by the Committee.

If a member of the Committee resigns or for any reason ceases to be a member resulting in the number of members to be reduced to below three, the Board of Directors shall, within three months of that event, appoint a replacement to make up the minimum of three.

2.3 Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, whenever deemed necessary.

2.4 Duties and Responsibilities

The Committee's duties and responsibilities are as follow:-

(a) To consider the appointment and re-appointment of the external auditors and the audit fee.

(b) To discuss on the resignation or removal of external auditors and the reasons thereof.

(c) To discuss with the external auditors the nature and scope of any audit exercise prior to its commencement and to ensure coordination of such exercise where more than one audit firm is involved.

(d) To review the quarterly and annual financial statements of the Company and the Group, before submission to the Board whilst ensuring that they are prepared in an accurate manner focusing particularly on:

  i) Changes in major accounting policies and principles.
  ii) Significant or unusual events.
  iii) Significant adjustments arising from the audit.

iv) The going concern assumption.
v) Compliance with accounting standards and relevant statutory and regulatory requirements.

(e) To discuss issues, concerns and reservations arising from interim and final external audits, and such other matters the external auditors may wish to raise.

(f) To review the external auditors' management letter and management's response to specific matters raised therein.

(g) To do the following in connection with the internal audit function:

(i) Review the adequacy of its scope, functions, authority, competency and resources.
(ii) Review and discuss the nature and scope of the audit programme with internal auditors and the follow-up thereto, ensuring that appropriate actions are taken as recommended.
(iii) Review any performance appraisals or assessment of its staff.
(iv) Approve the appointment, resignation or termination of its senior members.
(v) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning.

(h) To monitor any related-party transactions which may arise within the Group.

(i) To review the adequacy and efficacy of the Group's system of internal control.

3. MEETINGS, MINUTES AND ACTIVITIES

The Committee shall meet at least four times annually or at more frequent intervals as required. The Committee shall meet with the external auditors at least twice a year and with internal auditors at least once a year, without the executive Board members present. Besides the Head of Internal Audit, the Chief Operating Officer and Financial Controller are normally invited to attend the Audit Committee meetings. The presence of the external auditors shall be requested, if required. Other Board members and employees may attend Committee meetings upon the invitation of the Committee.

The Company Secretary shall be the secretary to the Committee. Minutes of each meeting shall be distributed to each member prior to the meeting. The Chairman shall report to the Board, a summary of significant matters arising at each meeting.

There were five (5) Committee meetings held during the financial year ended 31 December 2010 and details of attendance record of each member are as follow:-

	Attendance at Meetings
Encik Sulaiman Bin Salleh	5/5
Tuan Haji Fauzi Bin Mustapha	4/5
Mr Lim Chin Sean	4/5

In line with its terms of reference, the Committee discharged its duties and responsibilities in the financial year ended 31 December 2010 through the following activities:-

(a) Discussed with the external auditors on the nature and scope of any audit exercise prior to its commencement.

(b) Reviewed management's response to specific matters raised by the external auditors.

(c) Reviewed internal audit plan for the Group prepared by the Head of Internal Audit.

(d) Reviewed internal audit reports presented by Internal Audit Department and discussed on management actions taken to improve the system of internal control and any outstanding matters.

(e) Reviewed the quarterly and final year-end results prior to their submission to the Board for consideration and approval.

(f) Met with external auditors and internal auditors during the year without the presence of any executive Board members.

4. INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Function whose principal responsibility is to review and to provide reasonable assurance that the systems of internal control operate satisfactorily and effectively in the Group.

Currently, this function is outsourced to an independent professional firm which reports directly to the Audit Committee.

The internal audit activities carried out during the financial year ended 31 December 2010 were as follows:-

(a) Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work;

(b) Reviewed compliance with internal policies and procedures, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control systems;

(c) Audited various functional activities and areas in accordance with the approved audit plan, provided feedback and recommendation to the Committee and Management;

(d) Followed up on audit reports to ascertain whether matters which require to be addressed have been rectified and corrective actions effectively taken; and

(e) Provided training on risk assessment, identification and implementation of risk documentation and reporting.

The cost incurred for internal audit function in respect of the financial year ended 31 December 2010 was RM40,131.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2010

The Directors present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company are the manufacture and sale of steel-related products, mainly black welded steel and galvanised industrial pipes, square and rectangular hollow tubes, conduits and C-and-lipped channels. The principal activities of the subsidiaries are indicated in Note 4 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The address of the registered office and principal place of business is Lot 11A, Jalan Utas 15/7, Section 15, 40000 Shah Alam, Selangor Darul Ehsan.

RESULTS

	Group RM	Company RM
Net loss for the year attributable to shareholders of the Company	3,817,543	2,524,774

DIVIDENDS

Since the end of the previous financial year the Company paid a first and final tax exempt dividend of 1.5% on 113,745,575 ordinary shares of RM0.50 each amounting to RM853,100 in respect of the financial year ended 31 December 2009 as disclosed in the Directors' report for that financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity set out on pages 35 to 38.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year under review.

REPURCHASE OF SHARES

At the AGM held on 27 October 2005, shareholders approved the share buy-back of up to 10% of the issued and paid-up share capital of the Company. The authority from shareholders has been renewed at each of the subsequent AGMs of the Company and was last renewed on 8 June 2010 and this authority will expire at the conclusion of the forthcoming AGM.

The Directors are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

To date, the Company has purchased the following ordinary shares from the open market:

	No. of ordinary shares	Average cost per share RM	Total cost RM
2006	1,403,300	0.583	817,960
2007	2,921,300	0.607	1,772,781
2008	667,100	0.457	304,844
2009	1,471,000	0.460	676,130
2010	323,600	0.459	148,612
	6,786,300		3,720,327

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of section 67A of the Companies Act 1965. There has been no sale or cancellation of such shares to date.

At 31 December 2010, the number of treasury shares held by the Company was 6,786,300 ordinary shares.

DIRECTORS

The Directors who held office since the date of the last report are:

Encik Sulaiman Bin Salleh
Tuan Haji Fauzi Bin Mustapha
Mr Lim Yew Boon
Dato' Ghazali Bin Mat Ariff
Mr Lim Chin Sean

Pursuant to Section 129 of the Companies Act 1965, Dato' Ghazali Bin Mat Ariff who is of the age of 70 will retire at the forthcoming Annual General Meeting and will seek for re-appointment to the Board. In accordance with Article 116 of the Company's Articles of Association, Mr Lim Yew Boon retires from the Board at the forthcoming Annual General Meeting and, being eligible, offer himself for re-election.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act 1965, the interests in shares of the Directors who held office at the end of the financial year in the Company during the financial year were as follows:

	← Number of ordinary shares of RM0.50 each →			
	At 1-1-2010	Bought	Sold	At 31-12-2010
Encik Sulaiman Bin Salleh				
- direct interest	20,000	-	-	20,000
- deemed interest	-	-	-	-
Tuan Haji Fauzi Bin Mustapha				
- direct interest	20,000	-	-	20,000
- deemed interest	-	-	-	-
Mr Lim Yew Boon				
- direct interest	10,000	-	-	10,000
- deemed interest	-	-	-	-

FOR THE YEAR ENDED 31 DECEMBER 2010

	Number of ordinary shares of RM0.50 each			
	At 1-1-2010	Bought	Sold	At 31-12-2010
Dato' Ghazali Bin Mat Ariff				
- direct interest	657,125	-	-	657,125
- deemed interest	-	-	-	-
Mr Lim Chin Sean				
- direct interest	-	-	-	-
- deemed interest	31,475,175	-	-	31,475,175

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have arisen from the following transactions which were carried out in the ordinary course of business:

(a) Sales to a company in which a Director has financial interest amounting to RM15,137

(b) Fees payable to a company in which a Director has substantial financial interest for services rendered by the Director amounting to RM22,000

(c) Legal fees paid to a firm in which a Director is a partner amounting to RM72,000

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts but that adequate allowance had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render it necessary to write off any debt or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or

  (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or

  (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

  (i) any charge on the assets of the Company or its subsidiaries which has arisen since the end of the financial year which secures the liabilities of any other person, or

  (ii) any contingent liability of the Company or its subsidiaries which has arisen since the end of the financial year.

(d) No contingent or other liability of the Company or its subsidiaries has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company or its subsidiaries to meet their obligations as and when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Mazars, Chartered Accountants, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Board of Directors dated 21st April 2011.

DATO' GHAZALI BIN MAT ARIFF
Director

LIM YEW BOON
Director

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the financial statements of Amalgamated Industrial Steel Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 76.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 34 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MAZARS	TANG KIN KHEONG
No. AF: 1954	No. 1501/9/11 (J/PH)
Chartered Accountants	Partner

Kuala Lumpur

21st April 2011

STATEMENTS OF FINANCIAL POSITION

Group	Note	2010 RM	2009 RM Restated	1.1.2009 RM Restated
NON-CURRENT ASSETS				
Property, plant and equipment	3	51,793,029	52,094,692	53,748,675
Other investment	5	14,727	15,091	15,455
Deferred tax asset	6	1,022,298	928,607	1,008,735
		52,830,054	53,038,390	54,772,865
CURRENT ASSETS				
Inventories	7	76,211,088	83,599,627	97,205,739
Trade and other receivables	8	35,036,183	30,084,907	25,705,021
Amount owing by associated company		-	72,312	30,000
Current tax assets		127,523	920,718	578,435
Cash and bank balances		2,139,271	1,361,768	857,251
		113,514,065	116,039,332	124,376,446
TOTAL ASSETS		166,344,119	169,077,722	179,149,311
EQUITY				
Share capital	10	60,260,938	60,260,938	60,260,938
Reserves, non-distributable	11	8,640,239	8,808,886	8,955,982
Unappropriated profit		17,001,964	21,503,960	33,288,425
Treasury shares	12	(3,720,327)	(3,571,715)	(2,895,585)
TOTAL SHAREHOLDERS' EQUITY		82,182,814	87,002,069	99,609,760
NON-CURRENT LIABILITIES				
Retirement benefit obligations	13	625,014	667,459	629,779
Deferred tax liabilities	14	2,011,371	2,401,500	4,837,946
Bank borrowings	16	8,092,000	-	-
		10,728,385	3,068,959	5,467,725
CURRENT LIABILITIES				
Trade and other payables	15	4,224,881	5,391,780	4,557,127
Bank borrowings	16	69,208,039	73,614,914	69,514,699
		73,432,920	79,006,694	74,071,826
TOTAL LIABILITIES		84,161,305	82,075,653	79,539,551
TOTAL EQUITY AND LIABILITIES		166,344,119	169,077,722	179,149,311

Notes to and forming part of the financial statements are set out on page 41 - 76

Auditors' Report - Pages 30 to 31

Company	Note	2010 RM	2009 RM Restated	1.1.2009 RM Restated
NON-CURRENT ASSETS				
Property, plant and equipment	3	48,200,411	48,087,065	49,481,993
Investment in subsidiaries	4	4,014,003	4,014,003	4,014,003
Other investment	5	14,727	15,091	15,455
		52,229,141	52,116,159	53,511,451
CURRENT ASSETS				
Inventories	7	59,169,130	66,917,938	78,778,122
Trade and other receivables	8	32,369,829	28,897,301	24,725,273
Amount owing by subsidiaries	9	13,115,310	8,692,296	11,290,586
Current tax assets		-	350,264	70,420
Cash and bank balances		1,829,108	1,036,183	448,956
		106,483,377	105,893,982	115,313,357
TOTAL ASSETS		158,712,518	158,010,141	168,824,808
EQUITY				
Share capital	10	60,260,938	60,260,938	60,260,938
Reserves, non-distributable	11	8,334,957	8,497,244	8,637,980
Unappropriated profit		11,169,282	14,384,869	24,074,086
Treasury shares	12	(3,720,327)	(3,571,715)	(2,895,585)
TOTAL SHAREHOLDERS' EQUITY		76,044,850	79,571,336	90,077,419
NON-CURRENT LIABILITIES				
Retirement benefit obligations	13	625,014	667,459	629,779
Deferred tax liabilities	14	2,011,156	2,401,500	4,837,511
Bank borrowings	16	8,092,000	-	-
		10,728,170	3,068,959	5,467,290
CURRENT LIABILITIES				
Trade and other payables	15	3,853,459	4,541,932	3,934,641
Bank borrowings	16	68,086,039	70,827,914	69,345,458
		71,939,498	75,369,846	73,280,099
TOTAL LIABILITIES		82,667,668	78,438,805	78,747,389
TOTAL EQUITY AND LIABILITIES		158,712,518	158,010,141	168,824,808

Notes to and forming part of the financial statements are set out on page 41 - 76

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STATEMENTS OF COMPREHENSIVE INCOME

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	17	116,288,526	111,429,243	110,025,206	105,023,887
Cost of sales		(110,699,838)	(114,401,428)	(103,913,821)	(106,806,406)
Gross (loss)/profit		5,588,688	(2,972,185)	6,111,385	(1,782,519)
Other operating income		883,742	1,516,475	1,389,192	2,059,361
Selling and distribution costs		(1,888,185)	(2,117,247)	(1,824,995)	(2,073,303)
Administrative and general expenses		(5,598,703)	(5,833,734)	(5,550,603)	(5,644,379)
(Loss)/Profit from operations	18	(1,014,458)	(9,406,691)	124,979	(7,440,840)
Finance costs	19	(3,214,812)	(2,174,122)	(3,040,097)	(2,118,058)
Amount owing by associated company written off		(72,312)	-	-	-
Loss before tax		(4,301,582)	(11,580,813)	(2,915,118)	(9,558,898)
Tax income	20	484,039	2,531,837	390,344	2,611,530
Loss for the year		(3,817,543)	(9,048,976)	(2,524,774)	(6,947,368)
Other comprehensive income, net of tax					
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		(3,817,543)	(9,048,976)	(2,524,774)	(6,947,368)
Loss per share - basic (sen)	21	3.30	7.85		
Net dividend per ordinary share (sen)	22	0.75	2.50		

Notes to and forming part of the financial statements are set out on page 41 - 76

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	Note	Share capital RM	Share premium RM	Asset revaluation reserve RM	Retained profits RM	Treasury shares RM	Total RM
At 1 January 2009		60,260,938	28,751	8,927,231	33,288,425	(2,895,585)	99,609,760
Shares re-purchased		-	-	-	-	(676,130)	(676,130)
Realisation of reserve on amortisation of revalued properties							
- current year		-	-	(168,647)	168,647	-	-
- overestimated in prior year		-	-	21,551	(21,551)	-	-
Total transactions with owner		-	-	(147,096)	147,096	-	-
Total comprehensive loss for the year		-	-	-	(9,048,976)	-	(9,048,976)
		-	-	(147,096)	(8,901,880)	-	(9,048,976)
Dividend paid	23	-	-	-	(2,882,585)	-	(2,882,585)
At 31 December 2009		60,260,938	28,751	8,780,135	21,503,960	(3,571,715)	87,002,069

Notes to and forming part of the financial statements are set out on page 41 - 76

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

	Note	Share capital RM	Share premium RM	Asset revaluation reserve RM	Retained profits RM	Treasury shares RM	Total RM
At 1 January 2010		*60,260,938*	*28,751*	*8,780,135*	*21,503,960*	*(3,571,715)*	*87,002,069*
Shares re-purchased		-	-	-	-	*(148,612)*	*(148,612)*
Realisation of reserve on amortisation of revalued properties		-	-	*(168,647)*	*168,647*	-	-
Total transactions with owner		-	-	*(168,647)*	*168,647*	-	-
Total comprehensive loss for the year		-	-	-	*(3,817,543)*	-	*(3,817,543)*
		-	-	*(168,647)*	*(3,648,896)*	-	*(3,817,543)*
Dividend paid	*22*	-	-	-	*(853,100)*	-	*(853,100)*
At 31 December 2010		*60,260,938*	*28,751*	*8,611,488*	*17,001,964*	*(3,720,327)*	*82,182,814*

Notes to and forming part of the financial statements are set out on page 41 - 76

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	Note	Share capital RM	Share premium RM	Asset revaluation reserve RM	Retained profits RM	Treasury shares RM	Total RM
At 1 January 2009		60,260,938	28,751	8,609,229	24,074,086	(2,895,585)	90,077,419
Shares re-purchased		-	-	-	-	(676,130)	(676,130)
Realisation of reserve on amortisation of revalued properties							
- current year		-	-	(162,287)	162,287	-	-
- overestimated in prior year		-	-	21,551	(21,551)	-	-
Total transactions with owner		-	-	(140,736)	140,736	-	-
Total comprehensive loss for the year		-	-	-	(6,947,368)	-	(6,947,368)
		-	-	(140,736)	(6,806,632)	-	(6,947,368)
Dividend paid	22	-	-	-	(2,882,585)	-	(2,882,585)
At 31 December 2009		60,260,938	28,751	8,468,493	14,384,869	(3,571,715)	79,571,336

Notes to and forming part of the financial statements are set out on page 41 - 76

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STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Note	Share capital RM	Share premium RM	Asset revaluation reserve RM	Retained profits RM	Treasury shares RM	Total RM
As 1 January 2010		60,260,938	28,751	8,468,493	14,384,869	(3,571,715)	79,571,336
Shares re-purchased		-	-	-	-	(148,612)	(148,612)
Realisation of reserve on amortisation of revalued properties		-	-	(162,287)	162,287	-	-
Total transactions with owner		-	-	(162,287)	162,287	-	-
Total comprehensive loss for the year		-	-	-	(2,524,774)	-	(2,524,774)
		-	-	(162,287)	(2,362,487)	-	(2,524,774)
Dividend paid	22	-	-	-	(853,100)	-	(853,100)
At 31 December 2010		60,260,938	28,751	8,306,206	11,169,282	(3,720,327)	76,044,850

Notes to and forming part of the financial statements are set out on page 41 - 76

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STATEMENTS OF CASH FLOWS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
		Restated		Restated
Cash flows from operating activities				
(Loss) before tax	(4,301,582)	(11,580,813)	(2,915,118)	(9,558,898)
Adjustments for:				
Depreciation of property, plant and equipment	1,860,949	1,666,583	1,445,940	1,407,528
Gain on disposal of property, plant and equipment	(23,417)	-	(23,417)	-
Inventories written down	647,792	304,482	266,621	-
Amortisation of club membership	364	364	364	364
Allowance for doubtful debts written back	(3,000)	-	(3,000)	-
Retirement benefit obligations	42,587	79,718	42,587	79,718
Amount owing by associated company written off	72,312	-	-	-
Interest income	(8,162)	(2,324)	(7,914)	(2,090)
Interest expense	3,214,812	2,174,122	3,040,097	2,118,058
Operating profit/(loss) before working capital changes	1,502,655	(7,357,868)	1,846,160	(5,955,320)
Changes in inventories	6,740,748	13,301,631	7,482,187	11,860,184
Changes in receivables	(4,948,276)	(4,379,886)	(3,469,528)	(4,172,028)
Changes in payables	3,433,187	5,855,567	5,576,613	2,976,205
Cash generated from operations	6,728,314	7,419,444	11,435,432	4,709,041
Retirement benefits paid	(85,032)	(42,038)	(85,032)	(42,038)
Interest received	8,162	2,324	7,914	2,090
Interest paid	(3,214,812)	(2,174,122)	(3,040,097)	(2,118,058)
Tax refunded / (paid)	793,414	(166,765)	350,264	(104,325)
Net cash from operating activities	4,230,046	5,038,843	8,668,481	2,446,710

Notes to and forming part of the financial statements are set out on page 41 - 76

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	Group		Company	
	2010 RM	2009 RM Restated	2010 RM	2009 RM Restated
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,582,619)	(12,600)	(1,582,619)	(12,600)
Proceed on disposal of property, plant and equipment	46,749	-	46,750	-
(Advances to)/Repayment from subsidiaries	-	-	(4,423,014)	2,598,290
Advances to associated company	-	(42,312)	-	-
Net cash (used in)/from investing activities	(1,535,870)	(54,912)	(5,958,883)	2,585,690
Cash flows from financing activities				
Repurchase of shares	(148,612)	(676,130)	(148,612)	(676,130)
Repayment of bank term loan	(1,155,000)	-	(1,155,000)	-
Dividend paid	(853,100)	(2,882,585)	(853,100)	(2,882,585)
Net cash used in financing activities	(2,156,712)	(3,558,715)	(2,156,712)	(3,558,715)
Net changes in cash and cash equivalents	537,464	1,425,216	552,886	1,473,685
Cash and cash equivalents brought forward	1,361,768	(63,448)	1,036,183	(437,502)
Cash and cash equivalents carried forward	1,899,232	1,361,768	1,589,069	1,036,183
Represented by:				
CASH AND BANK BALANCES	2,139,271	1,361,768	1,829,108	1,036,183
BANK OVERDRAFTS	(240,039)	-	(240,039)	-
	1,899,232	1,361,768	1,589,069	1,036,183

Notes to and forming part of the financial statements are set out on page 41 - 76

Auditors' Report - Pages 30 to 31

1. PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year are the manufacture and sale of steel-related products, mainly black welded steel and galvanised industrial pipes, square and rectangular hollow tubes, conduits and C-and-lipped channels. The principal activities of the subsidiaries are set out in Note 4 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board (MASB) and the Companies Act, 1965 in Malaysia.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following new and amended FRSs and IC Interpretations, effective for financial period beginning on or after 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendments to FRS 132 Amendment to FRS 138	Financial Instruments: Presentation Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and measurement
IC Interpretation 13	Customer Loyalty Programmes

The adoption of the above standards did not have any material impact on the financial performance or position of the Group and the Company except for those discussed below.

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance.

The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers, where applicable. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (ie. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements.

The revised FRS 101 was adopted retrospectively by the Group and the Company. Since the change only affects presentation aspects, there is no impact on earnings per share.

Amendments to FRS 117 Leases

In the previous years, a leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land that was accounted for as an operating lease represents prepaid lease payments, except for leasehold land classified as investment property.

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per share for the current and prior periods.

(c) New/revised FRSs, Issues Committee Interpretation ("IC Interpretations") and Amendments to FRSs that are not yet effective

The Group and the Company have not adopted the following new/revised FRSs and IC Interpretations (including its consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

New/revised FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (revised)	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements	1 July 2010

New/revised FRSs, Amendments to FRSs and IC Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132	Classification of Rights Issues	1 March 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011

The above new FRSs, Amendments to FRSs and IC Interpretations are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application, except for the following:

FRS 3 Business Combination (revised) and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to adopt early.

(d) Significant judgements and estimates

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

There are no significant areas of critical judgements in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

Depreciation

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates these useful lives to be 50 - 55 years for buildings and within 2 to 10 years for other property, plant and equipment.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 December 2010 were RM51,793,029 and RM48,200,411(2009 : RM52,094,692 and RM48,087,065), respectively.

Provision for stock obsolescence and inventories write down

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less the estimated costs necessary to make the sale.

Inventories are reviewed on a regular basis and the Group will make provision for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional provisions for slow moving inventories may be required.

The carrying amounts of the Group's and the Company's inventories as at 31 December 2010 were RM76,211,088 and RM59,169,130 (2009 : RM83,599,627 and RM66,917,938) respectively.

Allowance for doubtful debts

The collectability of receivables is assessed on an ongoing basis. An allowance for doubtful debts is made for any receivables considered to be doubtful of collection.

The allowance for doubtful debts is made based on a review of customer accounts as at the reporting date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2010 were RM35,036,183 and RM32,369,829 (2009 : RM30,084,907 and RM28,897,301), respectively.

(e) Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over the entity.

In the Company's statement of financial position, investment in subsidiaries are stated at cost less any accumulated impairment losses, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale. On disposal of the investment, the difference between net disposal proceeds and their carrying amounts is included in income statement.

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Uniform accounting policies are adopted for like transactions and events in similar circumstances. The financial statements of the subsidiaries are prepared for the same reporting date as that of the Company.

All subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only. Unrealised profits and losses resulting from intra-group transactions that are recognised in assets are also eliminated in full. The temporary differences arising from the elimination of unrealised profits and losses are recognised in accordance with Note 2(u).

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of a business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued, plus any costs directly attributable to the acquisition.

The excess of the cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of Group's interest in the net fair value of identifiable assets, liabilities and contingent liabilities recognised, over the Group's cost of a business combination is recognised immediately in the consolidated income statement after reassessment.

Minority interests, if any, represent the portion of profit or loss and net assets of subsidiaries, attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. Minority interests are presented separately in the consolidated statement of financial position within equity while minority interests in the profit or loss of the Group are separately disclosed in the consolidated statement of comprehensive income.

(g) Goodwill on consolidation

Goodwill, if any, acquired in a business combination is initially measured at cost, being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(h) Property, plant and equipment

(i) Measurement basis

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, except for buildings which are stated at valuation less accumulated depreciation and any accumulated impairment losses.

The Group revalues its buildings at least once in every 5 years. Surplus arising from revaluation is dealt with through the asset revaluation reserve account. Any deficit arising is set-off against the asset revaluation reserve to the extent of a previous increase for the same property. However, the increase shall be recognised in the other comprehensive income to the extent that it reverses a revaluation deficit of the same asset previously recognised in the other comprehensive income. In all other cases, a decrease in carrying amount will be charged to the other comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

(ii) Depreciation

Capital work-in-progress is not depreciated. Depreciation is calculated to write off the cost or valuation of other property, plant and equipment on a straight line basis over their estimated useful lives at the following annual rates:

Leasehold land	66 years – 71 years
Buildings	2%
Plant and machinery	10%
Electrical installations	7.5%
Factory equipment, furniture and fittings	7.5% - 10%
Office equipment, furniture and fittings	10% - 20%
Motor vehicles	25%

Capital work-in-progress will only be depreciated when the assets are ready for their intended use.

The residual values, useful lives and depreciation method are reviewed at reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

(i) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

(i) Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

(ii) Operating lease

An operating lease is a lease other than a finance lease.

Operating lease income or operating lease rentals are credited or charged to the income statement on a straight-line basis over the period of the lease.

(j) Transferable club membership

The transferable club membership is stated at cost less accumulated amortisation and any diminution in value. An allowance for diminution in value is made if the directors are of the opinion that there is a decline in the value which is other than temporary. The diminution in value, if any, is charged to the income statement. On disposal, the difference between net disposal proceeds and its carrying amount is included in the income statement.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and in the case of finished goods and work-in-progress, cost consists of direct materials, direct labour, other direct costs and an appropriate proportion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

(l) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financial instruments are categorized and measured using accounting policies as mentioned below:

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Financial assets are classified as either loans and receivables or available-for-sale financial assets, as appropriate. Management determines the classification of the financial assets as set out below upon initial recognition.

Loans and receivables

This category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The subsequent measurement of financial assets in this category is at amortised cost using the effective interest method, less allowance for impairment losses. Any gains or losses arising from derecognition or impairment, and through the amortisation process of loans and receivables are recognised in the income statement.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

Available-for-sale financial assets

This category comprises investment in equity and debt securities instruments that are not held for trading or designated as at fair value through profit or loss.

The subsequent measurements of financial assets in this category are at fair value unless the fair value cannot be measured reliably, in which case they are measured at cost less impairment loss.

Any gains or losses arising from changes in fair value of an investment in this category are recognised directly in equity, except for impairment losses, until the investments are derecognised, at which time the cumulative gains or losses previously reported in equity are recognised in the income statement.

All financial assets are subject to review for impairment. See Note 1(m) below.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost.

Financial liabilities at fair value through profit or loss comprises financial liabilities that are held for trading, derivatives (except for a designated and effective hedging instrument) and financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in the income statement.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) Derecognition of financial assets and liabilities

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in the income statement.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement.

(m) Impairment of financial assets

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortization) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified form equity and recognised to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for investment in an equity instrument is not reversed through the profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the profit or loss.

(n) Impairment of non-financial assets

Property, plant and equipment, investment in subsidiary companies and associated company are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(o) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the income statement.

When shares are repurchased, the amount of consideration paid, including directly attributable costs, is measured at cost and set off against equity. Shares repurchased and not cancelled are classified as treasury shares. Where treasury shares are reissued by re-sale in the open market, the difference between the sale consideration and the carrying amount is recognised in equity.

Dividends on ordinary shares, when declared or proposed, are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends are accounted for in shareholder's equity as an appropriation of retained profit in the financial year in which they are paid.

(p) Provisions

Provisions are recognised when there is a present or constructive obligation as a result of past events, and when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

(q) Foreign currencies

Transactions in currencies other than the functional currency, which is the currency of the primary economic environment in which the Group operates, are recorded in the functional currency using the exchange rates prevailing at the date of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the year.

Exchange differences arising on the translation of non-monetary items carried at fair value are recognised in other comprehensive income for the year except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(r) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(i) Sale of goods

Sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in the income statement when significant risks and rewards of ownership have been transferred to the customers.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(iv) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate applicable.

(s) Employment benefits

(i) Short term employee benefits

Wages, salaries, paid leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

Non-monetary benefits such as medical care and other staff related expenses are charged to the income statement as and when incurred.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the financial year to which they relate.

(iii) Defined benefit plan

In addition to the statutory contribution to EPF, the Group operates an unfunded benefit plan. Retirement gratuities are payable to eligible employees who have been in service for at least seven years upon their retirement or resignation.

(iv) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

(t) Borrowing costs

Before 1 January 2010, all borrowing costs were recognised in profit or loss using the effective interest method in the period in which they are incurred.

Following the adoption of FRS 123, Borrowing Costs, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use of sale, are capitalised as part of the cost of those assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(u) Tax expense

The tax expense in the income statement comprises current tax and deferred tax. Current year tax is an estimate of tax payable in respect of taxable profit for the year based on tax rate enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in full, based on the liability method for taxation deferred in respect of all material temporary differences arising from differences between the tax bases of the assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is calculated at the tax rate that is expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Current and deferred tax is recognised as an income or an expense in the income statement or is credited or charged directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or different period, directly to other comprehensive income.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(w) Segment reporting

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

3. PROPERTY, PLANT AND EQUIPMENT

Group 2010	Land RM	Buildings RM	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Work in Progress RM	Total RM
Cost/Valuation									
At 1 January									
As previously stated									
Cost	-	-	36,866,183	1,390,827	6,242,637	2,428,601	861,985	-	47,790,233
2008 Valuation	-	24,971,445	-	-	-	-	-	-	24,971,445
Effect of adopting the amendments to FRS117	26,881,152	-	-	-	-	-	-	-	26,881,152
As restated	26,881,152	24,971,445	36,866,183	1,390,827	6,242,637	2,428,601	861,985	-	99,642,830
Additions	-	-	-	-	39,900	6,957	140,427	1,395,335	1,582,619
Disposals	-	-	-	-	-	-	(99,655)	-	(99,655)
Transfer	-	220,013	307,389	-	613,382	-	-	(1,140,784)	-
At 31 December									
Cost	26,881,152	220,013	37,173,572	1,390,827	6,895,919	2,435,558	902,757	254,551	76,154,349
2008 Valuation	-	24,971,445	-	-	-	-	-	-	24,971,445
	26,881,152	25,191,458	37,173,572	1,390,827	6,895,919	2,435,558	902,757	254,551	101,125,794

3. PROPERTY, PLANT AND EQUIPMENT

Group 2010	Land RM	Buildings RM	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital Work in Progress RM	Total RM
Accumulated depreciation									
At 1 January									
As previously stated	-	1,140,873	34,473,384	1,360,476	5,209,952	2,156,870	639,232	-	44,980,787
Effect of adopting the amendments to FRS117	2,567,351	-	-	-	-	-	-	-	2,567,351
	2,567,351	1,140,873	34,473,384	1,360,476	5,209,952	2,156,870	639,232	-	47,548,138
Charge for the year	389,978	501,629	449,262	2,923	285,409	147,808	83,940	-	1,860,949
Disposals	-	-	-	-	-	-	(76,322)	-	(76,322)
At 31 December	2,957,329	1,642,502	34,922,646	1,363,399	5,495,361	2,304,678	646,850	-	49,332,765
Net carrying amount									
At 31 December									
Cost	23,923,823	217,813	2,250,925	27,428	1,400,558	130,881	255,907	254,551	28,461,886
2008 Valuation	-	23,331,143	-	-	-	-	-	-	23,331,143
	23,923,823	23,548,956	2,250,925	27,428	1,400,558	130,881	255,907	254,551	51,793,029

3. PROPERTY, PLANT AND EQUIPMENT

Group 2009	Land RM	Buildings RM	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost/Valuation								
At 1 January								
As previously stated								
Cost	-	-	36,866,183	1,390,827	6,232,337	2,426,301	861,985	47,777,633
2008 Valuation	-	24,971,445	-	-	-	-	-	24,971,445
Effect of adopting the amendments to FRS117	26,881,152	-	-	-	-	-	-	26,881,152
As restated	26,881,152	24,971,445	36,866,183	1,390,827	6,232,337	2,426,301	861,985	99,630,230
Additions	-	-	-	-	10,300	2,300	-	12,600
At 31 December (restated)								
Cost	26,881,152	-	36,866,183	1,390,827	6,242,637	2,428,601	861,985	74,671,385
2008 Valuation	-	24,971,445	-	-	-	-	-	24,971,445
	26,881,152	24,971,445	36,866,183	1,390,827	6,242,637	2,428,601	861,985	99,642,830

3. PROPERTY, PLANT AND EQUIPMENT

Group 2009	Land RM	Buildings RM	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Accumulated depreciation								
At 1 January								
As previously stated	-	641,445	34,039,491	1,357,553	5,100,559	2,000,153	564,982	43,704,183
Effect of adopting the amendments to FRS117	2,177,372	-	-	-	-	-	-	2,177,372
As restated	2,177,372	641,445	34,039,491	1,357,553	5,100,559	2,000,153	564,982	45,881,555
Charge for the year	389,979	499,428	433,893	2,923	109,393	156,717	74,250	1,666,583
At 31 December (as restated)	2,567,351	1,140,873	34,473,384	1,360,476	5,209,952	2,156,870	639,232	47,548,138
Net carrying amount								
At 31 December								
Cost	24,313,801	-	2,392,799	30,351	1,032,685	271,731	222,753	28,264,120
2008 Valuation	-	23,830,572	-	-	-	-	-	23,830,572
	24,313,801	23,830,572	2,392,799	30,351	1,032,685	271,731	222,753	52,094,692

3. PROPERTY, PLANT AND EQUIPMENT

Company 2010	Land RM	Buildings RM	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Work in Progress RM	Total RM
Cost/Valuation									
At 1 January									
As previously stated									
Cost	-	-	26,442,824	908,566	4,412,041	2,316,996	861,985	-	34,942,412
2008 Valuation	-	21,511,445	-	-	-	-	-	-	21,511,445
Effect of adopting the amendments to FRS117	26,881,152	-	-	-	-	-	-	-	26,881,152
As restated	26,881,152	21,511,445	26,442,824	908,566	4,412,041	2,316,996	861,985	-	83,335,009
Additions	-	-	-	-	39,900	6,957	140,427	1,395,335	1,582,619
Disposals	-	-	-	-	-	-	(99,655)	-	(99,655)
Transfer	-	220,013	307,389	-	613,382	-	-	(1,140,784)	-
At 31 December									
Cost	26,881,152	220,013	26,750,213	908,566	5,065,323	2,323,953	902,757	254,551	63,306,528
2008 Valuation	-	21,511,445	-	-	-	-	-	-	21,511,445
	26,881,152	21,731,458	26,750,213	908,566	5,065,323	2,323,953	902,757	254,551	84,817,973

3. PROPERTY, PLANT AND EQUIPMENT

Company 2010	Land RM	Buildings RM	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Capital Work in Progress RM	Total RM
Accumulated depreciation									
At 1 January									
As previously stated	-	1,071,673	24,303,710	878,222	3,740,196	2,047,560	639,232	-	32,680,593
Effect of adopting the amendments to FRS117	2,567,351	-	-	-	-	-	-	-	2,567,351
	2,567,351	1,071,673	24,303,710	878,222	3,740,196	2,047,560	639,232	-	35,247,944
Charge for the year	389,978	432,429	276,478	2,923	113,430	146,762	83,940	-	1,445,940
Disposals	-	-	-	-	-	-	(76,322)	-	(76,322)
At 31 December	2,957,329	1,504,102	24,580,188	881,145	3,853,626	2,194,322	646,850	-	36,617,562
Net carrying amount									
At 31 December									
Cost	23,923,823	217,813	2,170,025	27,421	1,211,697	129,631	255,907	254,551	28,190,868
2008 Valuation	-	20,009,543	-	-	-	-	-	-	20,009,543
	23,923,823	20,227,356	2,170,025	27,421	1,211,697	129,631	255,907	254,551	48,200,411

3. PROPERTY, PLANT AND EQUIPMENT

Company 2009	Land RM	Buildings RM	Plant and machinery RM	Electrical installations RM	Factory equipment, furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Cost/Valuation								
At 1 January								
As previously stated								
Cost	-	-	26,442,824	908,566	4,401,741	2,314,696	861,985	34,929,812
2008 Valuation	-	21,511,445	-	-	-	-	-	21,511,445
Effect of adopting the amendments to FRS117	26,881,152	-	-	-	-	-	-	26,881,152
As restated	26,881,152	21,511,445	26,442,824	908,566	4,401,741	2,314,696	861,985	83,322,409
Additions	-	-	-	-	10,300	2,300	-	12,600
At 31 December (restated)								
Cost	26,881,152	-	26,442,824	908,566	4,412,041	2,316,996	861,985	61,823,564
2008 Valuation	-	21,511,445	-	-	-	-	-	21,511,445
	26,881,152	21,511,445	26,442,824	908,566	4,412,041	2,316,996	861,985	83,335,009

3. PROPERTY, PLANT AND EQUIPMENT

Company 2009	Land RM	Buildings RM	Plant and machinery RM	Electrical installations RM	Factory equipment, Furniture and fittings RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Accumulated depreciation								
At 1 January								
As previously stated	-	641,445	24,042,601	875,299	3,646,145	1,892,572	564,982	31,663,044
Effect of adopting the amendments to FRS117	2,177,372	-	-	-	-	-	-	2,177,372
As restated	2,177,372	641,445	24,042,601	875,299	3,646,145	1,892,572	564,982	33,840,416
Charge for the year	389,979	430,228	261,109	2,923	94,051	154,988	74,250	1,407,528
At 31 December (as restated)	2,567,351	1,071,673	24,303,710	878,222	3,740,196	2,047,560	639,232	35,247,944
Net carrying amount								
At 31 December								
Cost	24,313,801	-	2,139,114	30,344	671,845	269,436	222,753	27,647,293
2008 Valuation	-	20,439,772	-	-	-	-	-	20,439,772
	24,313,801	20,439,772	2,139,114	30,344	671,845	269,436	222,753	48,087,065

The buildings were revalued by the Directors based on a valuation carried out by an independent firm of professional valuers in December 2008 using the comparison method and the cost method of valuation.

The net carrying amounts of the revalued buildings that would have been included in the financial statements had these properties been carried at cost less accumulated depreciation are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Buildings	14,471,028	14,757,819	11,811,877	12,001,365

The gross carrying amounts of the fully depreciated property, plant and equipment that are still in use are RM39,488,070 (2009 : RM39,430,484) and RM29,062,747 (2009 : RM29,062,747), respectively, for the Group and Company.

4. INVESTMENT IN SUBSIDIARIES

	Company	
	2010 RM	2009 RM
Unquoted shares, at cost	4,014,003	4,014,003

The subsidiaries, which are both wholly-owned and incorporated in Malaysia, are as follows:

Name of Company	Principal activities
Amalgamated Industrial Stainless Steel (1987) Sdn Bhd	Manufacture and sale of stainless steel pipes and fittings
Amalgamated Industrial Marketing Sdn Bhd	Trading of construction related materials

At the reporting date, there were no indications of impairment of the value of the investment in subsidiaries identified by management.

5. OTHER INVESTMENT

	Group and Company	
	2010 RM	2009 RM
Classified as available for sale financial assets		
Transferable club membership, at cost	20,000	20,000
Accumulated amortisation	(5,273)	(4,909)
	14,727	15,091

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6. DEFERRED TAX ASSET

	Group	
	2010 RM	2009 RM
At 1 January	928,607	1,008,735
Origination / (Reversal) for the year	93,691	(80,128)
At 31 December	1,022,298	928,607

	Group	
	2010 RM	2009 RM
The deferred tax asset comprises:		
Tax losses	1,250,000	1,257,871
Unabsorbed capital allowances	132,404	91,830
Excess of net carrying amount over tax written down value of property, plant and equipment	(256,755)	(317,213)
Asset revaluation surplus	(103,351)	(103,881)
	1,022,298	928,607

The Group has recognised the deferred tax assets based on its expected level of operations of a subsidiary and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

7. INVENTORIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Raw materials	22,762,204	36,634,006	22,338,796	34,433,681
Consumable stores	2,130,089	2,040,310	1,804,559	1,731,542
Work in progress	1,287,732	2,692,951	821,175	1,876,050
Finished goods				
- Manufactured	35,171,990	24,063,763	29,283,469	22,317,434
- Trading	14,859,073	18,168,597	4,921,131	6,559,231
	76,211,088	83,599,627	59,169,130	66,917,938

Inventories are stated at the lower of cost and net realisable value.

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8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Gross trade receivables	32,734,281	26,055,377	29,897,848	24,833,567
Allowance for doubtful debts	(582,971)	(585,971)	(406,469)	(409,469)
	32,151,310	25,469,406	29,491,379	24,424,098
Retention sum	-	112,497	-	-
Other receivables	2,396,692	3,846,925	2,395,865	3,844,325
Deposits	22,763	33,398	22,763	33,398
Prepayments	465,418	622,681	459,822	595,480
	35,036,183	30,084,907	32,369,829	28,897,301
The currency exposure profiles of trade receivables are as follows:				
Ringgit Malaysia	27,406,973	18,066,527	24,569,640	16,844,717
Singapore Dollar	5,328,208	7,988,850	5,328,208	7,988,850
	32,734,281	26,055,377	29,897,848	24,833,567

All customers are granted credit periods of 60 to 150 days.

9. AMOUNT OWING BY SUBSIDIARIES

The amount owing by the subsidiaries represents unsecured advances which are interest free and payable on demand.

10. SHARE CAPITAL

	Company			
	2010		2009	
	Number of shares	Nominal value RM	Number of shares	Nominal value RM
Authorised				
Ordinary shares of RM0.50 each	200,000,000	100,000,000	200,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM0.50 each				
At 1 January / 31 December	120,521,875	60,260,938	120,521,875	60,260,938

FOR THE YEAR ENDED 31 DECEMBER 2010

11. RESERVES, non-distributable

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Share premium	28,751	28,751	28,751	28,751
Asset revaluation reserve	8,611,488	8,780,135	8,306,206	8,468,493
	8,640,239	8,808,886	8,334,957	8,497,244

12. TREASURY SHARES

	Group and Company			
	2010		2009	
	Number of shares	Cost RM	Number of shares	Cost RM
At 1 January	6,462,700	3,571,715	4,991,700	2,895,585
Shares repurchased during the year	323,600	148,612	1,471,000	676,130
At 31 December	6,786,300	3,720,327	6,462,700	3,571,715

The average cost paid for the shares repurchased during the year was RM0.459 (2009: RM0.460) per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of section 67A of the Companies Act 1965. Treasury shares have no rights to voting, dividends and participation in other distribution.

13. RETIREMENT BENEFIT OBLIGATIONS

The Company operates an unfunded defined retirement benefit plan for a Director and eligible employees.

The movements during the financial year and the amounts recognised in the statements of financial position are as follows:

	Group and Company					
	---------------- 2010 ----------------			----------------- 2009 -------------		
	Director RM	Employees RM	Total RM	Director RM	Employees RM	Total RM
At 1 January	61,141	606,318	667,459	49,112	580,667	629,779
Charged to income statement	13,225	91,180	104,405	12,029	86,839	98,868
Reversal of amount not utilized	(6,641)	(55,177)	(61,818)	-	(19,150)	(19,150)
Retirement benefits paid	-	(85,032)	(85,032)	-	(42,038)	(42,038)
At 31 December	67,725	557,289	625,014	61,141	606,318	667,459

The amounts recognised in the statements of financial position are determined as follows:

	Group and Company					
	2010			2009		
	Director RM	Employees RM	Total RM	Director RM	Employees RM	Total RM
Present value of unfunded obligations	67,725	557,289	625,014	61,141	606,318	667,459
Unrecognised transitional liabilities	-	-	-	-	-	-
Liabilities in the statement of financial position	67,725	557,289	625,014	61,141	606,318	667,459

The amounts recognised in the income statement are as follows:

	Group and Company					
	2010			2009		
	Director RM	Employees RM	Total RM	Director RM	Employees RM	Total RM
Current service cost	10,500	63,546	74,046	10,381	67,283	77,664
Interest cost	2,725	27,634	30,359	1,648	19,556	21,204
Reversal of past service cost not required	(6,641)	(55,177)	(61,818)	-	(19,150)	(19,150)
	6,584	36,003	42,587	12,029	67,689	79,718

The above amounts charged to the income statement are included in administrative and general expenses.

The principal actuarial assumptions used in respect of the unfunded defined benefit plan were as follows:

	Group and Company	
	2010	2009
Discount rate	5.0%	3.7%
Expected rate of salary increases	5.0%	5.0%

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14. DEFERRED TAX LIABILITIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	2,401,500	4,837,946	2,401,500	4,837,511
Reversal for the year	(390,129)	(2,436,446)	(390,344)	(2,436,011)
At 31 December	2,011,371	2,401,500	2,011,156	2,401,500

The deferred tax liabilities comprise:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Excess of net carrying amount over tax written down value of property, plant and equipment	1,533,093	1,380,347	1,532,878	1,380,347
Asset revaluation surplus	3,357,277	3,423,749	3,357,277	3,423,749
Unutilised tax losses	(2,100,485)	(1,963,335)	(2,100,485)	(1,963,335)
Unabsorbed capital allowances	(622,260)	(272,396)	(622,260)	(272,396)
Retirement benefit obligations	(156,254)	(166,865)	(156,254)	(166,865)
	2,011,371	2,401,500	2,011,156	2,401,500

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables	2,176,533	3,111,124	2,154,765	2,612,996
Other payables	145,169	145,077	140,941	143,146
Accruals	1,903,179	2,135,579	1,557,753	1,785,790
	4,224,881	5,391,780	3,853,459	4,541,932

The normal credit periods granted by trade suppliers are between 5 and 90 days.

16. BANK BORROWINGS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Bankers' acceptances bearing interest rates ranging from 3.00% - 5.06% (2009: 2.05% to 3.60%) per annum	54,848,000	73,614,914	53,726,000	70,827,914
Bank overdrafts bearing interest at 0.50% to 1.00% above base lending rate	240,039	-	240,039	-
Revolving credit bearing interest at 4.29% to 4.90% per annum	9,500,000	-	9,500,000	-
Bank term loan bearing interest at 1.75% above base lending rate per annum	12,712,000	-	12,712,000	-
	77,300,039	73,614,914	76,178,039	70,827,914
Repayments due within the next 12 months included under current liabilities	69,208,039	73,614,914	68,086,039	70,827,914
Repayments due later than 12 months included under non-current liabilities	8,092,000	-	8,092,000	-

The bank borrowings are unsecured but covered by negative pledges on the assets of the Group and the Company.

17. REVENUE

Revenue represents the invoiced value of goods sold net of returns and discounts.

18. LOSS FROM OPERATIONS

Loss from operations is stated after charging:	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Auditors' remuneration				
- current year	40,000	38,000	29,000	27,000
- underestimated in prior year	2,000	-	2,000	-
Depreciation of property, plant and equipment	1,860,949	1,666,583	1,445,940	1,407,528
Directors' remuneration				
- fees	88,000	88,000	88,000	88,000
- retirement benefits	6,584	12,029	6,584	12,029
- other emoluments	373,800	360,300	373,800	360,300
Fees payable to a Company in which a Director has substantial financial interest	22,000	22,000	22,000	22,000
Legal fees paid to a firm in which a Director is a partner	72,000	72,000	72,000	72,000
Inventories written down	647,792	304,482	266,621	-
Operating leases				
- rental of office equipment	7,136	6,452	7,136	6,452
- rental of premises	-	18,167	-	17,469
Amount owing by associated company written off	72,312	-	-	-
Realised loss on foreign exchange	183,340	-	183,340	-
Retirement benefit obligations	36,003	25,651	36,003	25,651
and crediting:				
Allowance for doubtful debts written back	3,000	-	3,000	-
Bad debts recovered	-	250,000	-	250,000
Gain on disposal of Property, plant and equipment	23,417	-	23,417	-
Interest income from				
- deposits with licensed banks	8,162	2,324	7,914	2,090
Management fee	-	-	383,124	420,264
Realised gain on foreign exchange	-	440,608	-	440,608
Rental income from				
- a subsidiary	-	-	122,856	122,856
- others	765,168	765,168	765,168	765,168

The estimated monetary value of benefit-in-kind received by the Directors amounted to RM33,697 (2009 : RM31,767).

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19. FINANCE COSTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense				
- bankers' acceptance	2,669,853	1,820,211	2,495,138	1,764,879
- revolving credit	206,050	224,834	206,050	224,834
- bank overdraft	31,019	129,077	31,019	128,345
- term loan	307,890	-	307,890	-
	3,214,812	2,174,122	3,040,097	2,118,058

20. TAX INCOME

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax				
- current year	(7,761)	-	-	-
- overestimated in prior year	219	175,519	-	175,519
Deferred tax				
- current year	28,900	2,193,398	515,133	2,277,053
- over/(under)estimated in prior year	462,681	162,920	(124,789)	158,958
	484,039	2,531,837	390,344	2,611,530

The reconciliations between the tax income and the product of accounting loss multiplied by the applicable tax rates are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Accounting loss	(4,301,582)	(11,580,813)	(2,915,118)	(9,558,898)
Tax at the applicable tax rate of 25% (2009 : 25%)	1,075,395	2,895,203	728,779	2,389,725
Effect of non-deductible expenses	(1,122,848)	(770,397)	(280,118)	(179,144)
Crystalisation of deferred tax liabilities on amortisation of revalued properties	68,592	68,592	66,472	66,472
	21,139	2,193,398	515,133	2,277,053
Tax over / (under)estimated in prior year	462,900	338,439	(124,789)	334,477
Tax income for the year	484,039	2,531,837	390,344	2,611,530

The entire distributable portion of the retained profits of the Company is covered by estimated tax credits available under Section 108 of the Income Tax Act 1967 for distribution of dividends. The Company also has approximately RM9,777,000 (2009 : RM10,629,000) in the tax exempt income accounts available for distribution of tax exempt dividends.

21. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The basic (loss)/earnings per share has been calculated based on the consolidated net loss for the year of RM 3,817,543 (2009 : net loss of RM9,048,976) and on 113,806,187 (2009: 115,203,433) being the weighted average number of ordinary shares in issue during the financial year after deducting treasury shares calculated as follows:

	Group	
	2010	2009
Number of ordinary shares at 1 January	120,521,875	120,521,875
Effect of treasury shares	(6,715,688)	(5,318,442)
Weighted average number of ordinary shares at 31 December	113,806,187	115,203,433

22. DIVIDEND PAID

	Group and Company	
	2010 RM	2009 RM
First and final tax exempt dividend of 5% on 115,303,400 ordinary shares for the financial year ended 31 December 2008	-	2,882,585
First and final tax exempt dividend of 1.5% on 113,745,575 ordinary shares for the financial year ended 31 December 2009	853,100	-
Net dividend per ordinary share (sen)	0.75	2.50

23. RELATED PARTY DISCLOSURES

The Company has a controlling related party relationship with its subsidiaries and the following related parties:

(a) A legal firm in which a Director is a partner

(b) A substantial corporate shareholder

(c) A company in which a Director has financial interests

In addition to information disclosed elsewhere in the financial statements, the Group and the Company entered into the following significant transactions with related parties during the financial year :

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods to a subsidiary	-	-	3,320,108	1,199,100
Sales to a company in which a Director has financial interests	15,137	579,825	-	-
Rental income from a subsidiary	-	-	122,856	122,856
Management fee charged to subsidiaries	-	-	383,124	420,264
Purchase of goods from a subsidiary	-	-	121,319	314,818
Fees payable to a Company in which a Director has substantial financial interest	22,000	22,000	22,000	22,000
Legal fees charged by a firm in which a Director is a partner	72,000	72,000	72,000	72,000

Information regarding outstanding balances with subsidiaries at year end is disclosed in Note 9. The outstanding balances at year end with other related parties included in other payables are as follows:

	Group/Company	
	2010	2009
	RM	RM
A company in which a Director has substantial financial interest	22,000	22,000
A legal firm in which a Director is a partner	6,000	6,000

Compensation of key management personnel

The key management personnel are the Directors.

(a) The remuneration of key management personnel during the year comprises:

	Group and Company	
	2010	2009
	RM	RM
Short-term employee benefits		
Fees	110,000	110,000
Salaries, allowances and bonuses	373,800	360,300
Estimated monetary values of benefits-in-kind	33,697	31,767
Total short-term employee benefits	517,497	502,067
Post employment benefits		
- defined contribution plan	38,640	36,540
- defined benefit plan	13,225	12,029
Total compensation	569,362	550,636

24. EMPLOYEE BENEFIT EXPENSE

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Salaries, wages, allowances and bonuses				
- Executive director	322,000	304,500	322,000	304,500
- Other employees	5,810,032	5,881,478	5,460,076	5,444,456
Defined benefit plan	40,320	79,718	40,320	79,718
Defined contribution plan	749,327	850,830	701,758	799,807
Social security costs	72,580	72,575	67,416	66,893
Other staff related expenses	418,931	385,546	411,280	364,857
	7,413,190	7,574,647	7,002,850	7,060,231

25. CAPITAL COMMITMENTS

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Capital expenditure relating to the acquisition of property, plant and equipment not provided for in the financial statements:				
- approved but not contracted	6,190,000	7,550,000	3,960,000	5,170,000
- contracted	450,000	1,170,000	300,000	1,170,000

26. OPERATING LEASE ARRANGEMENTS

The Group leases a few units of apartments under cancellable operating leases for its operations. The leases have an average tenure of 1 year with an option to renew. The Group is required to give 2 months' notice for the termination of these leases.

27. CONTINGENT LIABILITIES

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Unsecured corporate guarantees given in favour of financial institutions for credit facilities granted to subsidiaries	-	-	13,900,000	12,300,000

28. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

(a) Classification of financial instruments

2010 Group	Loans and receivables RM	Available-for-sale RM	Total RM
Financial assets			
Other investments	-	14,727	14,727
Trade and other receivables excluding prepayments	34,570,075	-	34,570,075
Cash and bank balances	2,139,271	-	2,139,271
Total financial assets	36,709,346	14,727	36,724,073

2010 Group	At amortised cost RM
Financial liabilities	
Trade and other payables	4,224,881
Bank borrowings	77,300,039
Total financial liabilities	81,524,920

2010 Company	Loans and receivables RM	Available-for-sale RM	Total RM
Financial assets			
Other investments	-	14,727	14,727
Amount owing by subsidiaries	13,115,310	-	13,115,310
Trade and other receivables excluding prepayments	31,910,007	-	31,910,007
Cash and bank balances	1,829,108	-	1,829,108
Total financial assets	46,854,425	14,727	46,869,152

2010 Company	At amortised cost RM
Financial liabilities	
Trade and other payables	3,853,459
Bank borrowings	76,178,039
Total financial assets	80,031,498

(b) Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amounts of the financial instruments of the Group and of the Company at the balance sheet date approximated or were at their fair values.

It is not practicable to reasonably estimate the fair value of the unquoted shares due to lack of comparable quoted market prices and available market data for valuation. Therefore, such investments are carried at their original costs less allowance for diminution in value.

29. SEGMENT ANALYSIS

The geographical segment information is prepared based on location of customers. Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

31 December 2010	Local RM	Overseas RM	Consolidated RM
Revenue and expenses			
Revenue	100,916,537	18,815,127	119,731,664
Less: Inter-segment sales	(3,443,138)	-	(3,443,138)
External sales	97,473,399	18,815,127	116,288,526
Results			
Segment operating (loss)/profit	(592,101)	(422,357)	(1,014,458)
Finance costs			(3,214,812)
Amount owing by associate company written off			(72,312)
Tax income			484,039
Net loss for the year			(3,817,543)
Other information			
Segment assets	166,344,119	-	166,344,119
Segment liabilities	84,161,305	-	84,161,305
Capital expenditure	1,582,619	-	1,582,619
Depreciation	1,860,949	-	1,860,949

31 December 2009	Local RM	Overseas RM	Consolidated RM
Revenue and expenses			
Revenue	81,622,304	31,322,569	112,944,873
Less: Inter-segment sales	(1,515,630)	-	(1,515,630)
External sales	80,106,674	31,322,569	111,429,243
Results			
Segment operating (loss)/profit	(9,865,366)	458,675	(9,406,691)
Finance costs			(2,174,122)
Tax income			2,531,837
Net loss for the year			(9,048,976)
Other information			
Segment assets	167,228,397	-	167,228,397
Segment liabilities	79,674,153	-	79,674,153
Capital expenditure	12,600	-	12,600
Depreciation and amortisation	1,666,583	-	1,666,583

Information on the Group's operations by business segment is not provided separately as the Group is mainly engaged in the manufacture and sale of steel-related products.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, interest rate, foreign currency exchange, liquidity and cash flow risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Financial risk management is carried out through risk reviews, internal control systems, benchmarking the industry's best practices and adherence to Group's financial risk management policies.

Management monitors the Group's financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. Management reviews and agrees on policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

The Group does not find it necessary to enter into derivative transactions based on its current level of operations. The main risks arising from the financial instruments of the Group are stated below.

(a) Credit risk

Credit risk arises when sales are made on deferred credit terms.

The entire financial assets of the Group are exposed to credit risk except for cash and bank balances which are placed with licensed financial institutions in Malaysia. The Group's exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount and period.

Credit risks, or the risk of counter-parties defaulting, are managed by the application of credit approvals, limits and monitoring procedures. Trade receivables are monitored on an ongoing basis through Group management reporting procedures.

The Group does not consider it necessary to require collaterals in respect of its financial assets.

The ageing analysis of trade receivables as at 31 December 2010 which are trade in nature are as follows:

	Group		Company	
	Gross RM	Impairment RM	Gross RM	Impairment RM
Not past due	11,782,611	-	10,094,260	-
Less than 30 days past due	9,649,604	-	9,535,562	-
Between 30 and 90 days past due	5,703,603	-	4,946,314	-
More than 90 days past due	5,598,463	582,971	5,321,712	406,469
	32,734,281	582,971	29,897,848	406,469

(b) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group's exposure to interest rate risk is in respect of its bank borrowings. This risk is managed through the use of a mix of fixed and floating interest rate financial instruments.

It is the policy of the Group not to trade in interest rate swap agreements.

A sensitivity analysis has been performed based on the current interest rate of the Group bank borrowing with licensed Bank as at year end. If the interest rate increase or decrease by 0.25% with all other variables held constant, the Group profit after tax and equity would decrease or increase by RM193,250.

(c) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in foreign currencies other than its functional currency. The Group's exposure to currency risk is monitored on an ongoing basis.

The Group has not hedged against the translation exposure as foreign currency financial assets and liabilities do not form a significant portion of the Group's gross assets or gross liabilities.

A sensitivity analysis has been performed based on the outstanding foreign currency denominated monetary items as at year end. If the SGD strengthen or weaken by 5% against RM with all other variables held constant, the Group profit after tax and equity would increase or decrease by RM266,410.

(d) Liquidity and cash flow risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group aims to maintain available banking facilities at a reasonable level to its overall debt position.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at 31 December 2010 based on contractual undiscounted repayment obligations.

	2010 RM			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities:				
Trade and other payables	4,198,631	26,250	-	4,224,881
Borrowings	69,484,952	8,457,779	-	77,942,731
Total undiscounted financial liabilities	73,683,583	8,484,029	-	82,167,612
Company				
Financial liabilities:				
Trade and other payables	3,827,209	26,250	-	3,853,459
Borrowings	68,362,952	8,457,779	-	76,820,731
Total undiscounted financial liabilities	72,190,161	8,484,029	-	80,674,190

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure it will be able to continue as a going concern in order to provide returns for shareholders and to sustain future development of the business.

The principal forms of capital are share capital and reserves as included in the statement of financial position.

Management reviews and manages the capital structure regularly. To maintain or adjust the capital structure, the Group may adjust the payment of dividends or issue of new shares. No changes were made in the objectives, policies or processes during the year.

	2010 RM	2009 RM
Share Capital	60,260,938	60,260,938
Reserves	21,921,876	26,741,131
Total Equity	82,182,814	87,002,069
Borrowings	77,300,039	73,614,914
Total debt to equity ratio (%)	94%	84%

32. COMPARATIVE FIGURES

The following comparative figures of the Group and the Company have been restated arising from changes in accounting policies upon adoption of FRS 117 Leases:

	Group		Company	
	As restated RM	As previously reported RM	As restated RM	As previously reported RM
Consolidated balance sheet				
At 31 December 2009				
Prepaid lease payments	-	24,313,801	-	24,313,801
Property, plant and equipment	52,094,692	27,780,891	48,087,065	23,773,264
At 1 January 2009				
Prepaid lease payments	-	24,703,780	-	24,703,780
Property, plant and equipment	53,748,675	29,044,895	49,481,993	24,778,213

33. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors on 21st April 2011.

34. UNAPPROPRIATED PROFIT

At the reporting date, RM3,691,576 (2009 : RM3,542,964) out of the retained profits has been utilised for the purchase of treasury shares and is considered as non-distributable.

Realised and unrealised profits /(loss)

	Group 2010 RM	Company 2010 RM
Total retained profits		
Realised	17,991,038	13,180,438
Unrealised	(989,074)	(2,011,156)
Total retained profit as per financial position	17,001,964	11,169,282

The information above is disclosed pursuant to "Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" ("the Guidance").

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Dato' Ghazali Bin Mat Ariff and Lim Yew Boon, being two of the Directors of Amalgamated Industrial Steel Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 32 to 76 are drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2010 and of their results and cash flows for the year ended on that date.

The information set out in Note 34 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Directors in accordance
with a Directors' resolution dated 21st April 2011.

DATO' GHAZALI BIN MAT ARIFF
Director

LIM YEW BOON
Director

STATUTORY DECLARATION

I, Wong Kum Chee, being the person primarily responsible for the financial management of Amalgamated Industrial Steel Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 32 to 76 are correct.

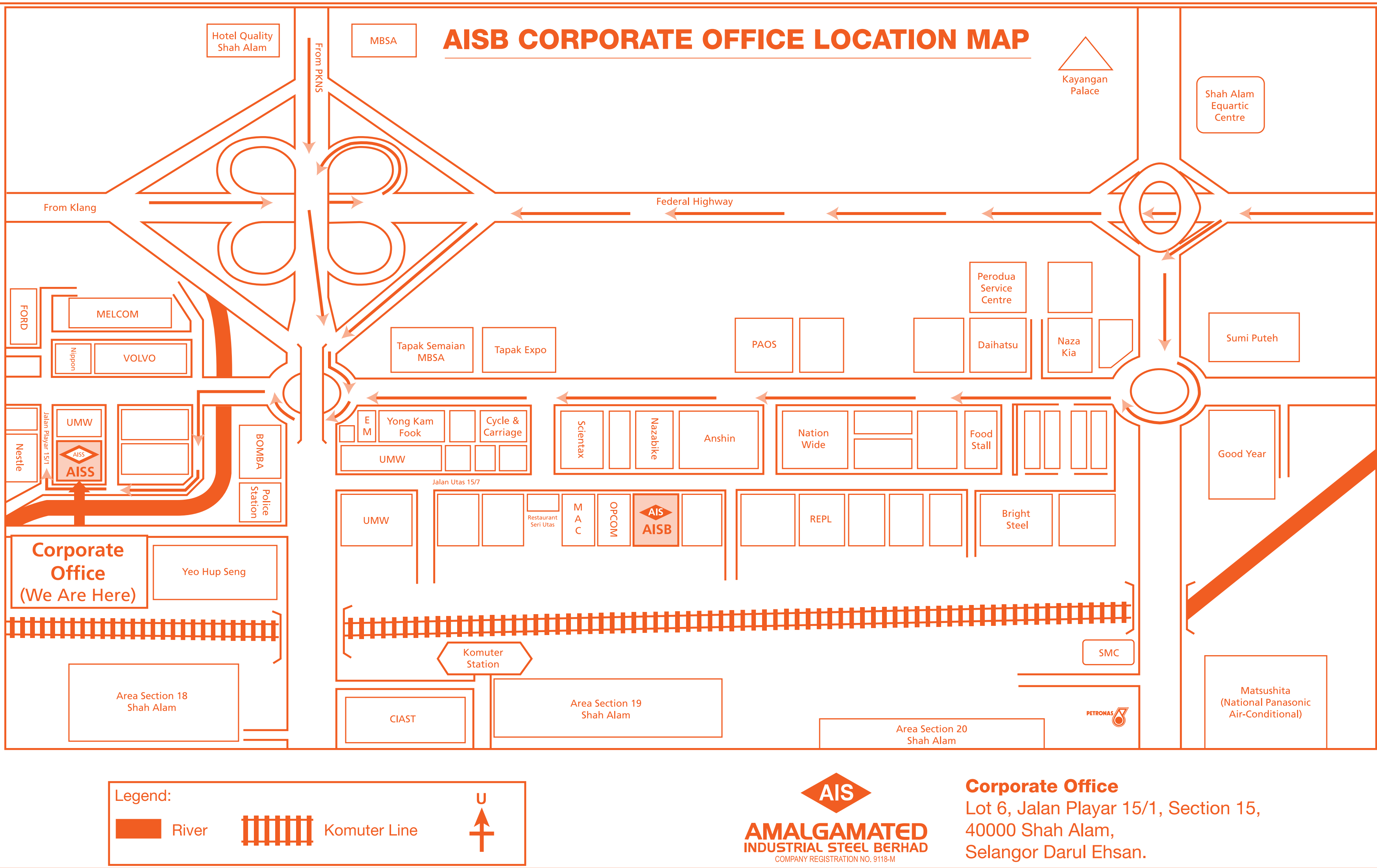
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared at	)	
Kuala Lumpur in the Federal Territory	)	
	)	
on 21st April 2011	)	
	)	
	)	
	)	**WONG KUM CHEE**

Before me:

Commissioner for Oaths

AISB CORPORATE OFFICE LOCATION MAP



AIS
AMALGAMATED INDUSTRIAL STEEL BERHAD
COMPANY REGISTRATION NO. 9118-M

Corporate Office
Lot 6, Jalan Playar 15/1, Section 15,
40000 Shah Alam,
Selangor Darul Ehsan.

FORM OF PROXY

AMALGAMATED INDUSTRIAL STEEL BERHAD
COMPANY REGISTRATION NO. 9118-M

Fortieth Annual General Meeting

Number of Ordinary Shares held

[Please read notes carefully before completing this form.]

*I/*We ____ (NRIC No. ______________)

of ____

being the registered holder of ordinary shares in AMALGAMATED INDUSTRIAL STEEL BERHAD hereby appoint

[1] ____ (NRIC No. ______________)

of ____ and /or

[The next name and address should be completed if you wish to appoint two proxies.]

*[2] ____ (NRIC No. ______________)

of ____

as *my/*our proxy/proxies to attend and, on a poll, to vote for *me/*us and on *my/*our behalf at the Fortieth Annual General Meeting of the Company, to be held at Lot 6, Jalan Playar 15/1, Section 15, 40000 Shah Alam, Selangor Darul Ehsan on Thursday, 23 June 2011 at 11.30 a.m. and at any adjournment thereof.

[The next paragraph should be completed only when two proxies are appointed.]

The proportion of *my/*our holding to be represented by *my/*our proxies are as follows:

First Proxy [1] ____________%   Second Proxy [2] ____________%

Ordinary Resolution	Ordinary Business	For	Against
1	To receive the Audited Financial Statements		
2	To approve the payment of Directors' fees		
3	To re-appoint Dato' Ghazali Bin Mat Ariff as Director		
4	To re-elect Mr. Lim Yew Boon as Director		
5	To re-appoint Messrs Mazars as the auditors and to authorise the Board of Directors to fix their remuneration.		
	Special Business		
6	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965.		
7	Proposed Share Buy-Back Mandate		

Please indicate with an [X] how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

Dated this ____________ day of ____________ 2011.

____
Signature/Common Seal of Shareholder(s)

*[*Delete if not applicable.]*

NOTES:

1. *A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead, and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A proxy need not be a member of the Company.*

2. *In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney of the corporation duly authorised on their behalf.*

3. *Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*

4. *The instrument appointing a proxy must be deposited at the Company's registered office at Lot 11A, Jalan Utas 15/7, 40000 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary
AMALGAMATED INDUSTRIAL STEEL BERHAD (Company No: 9118-M)
Lot 11A, Jalan Utas 15/7
40000 Shah Alam
Selangor Darul Ehsan

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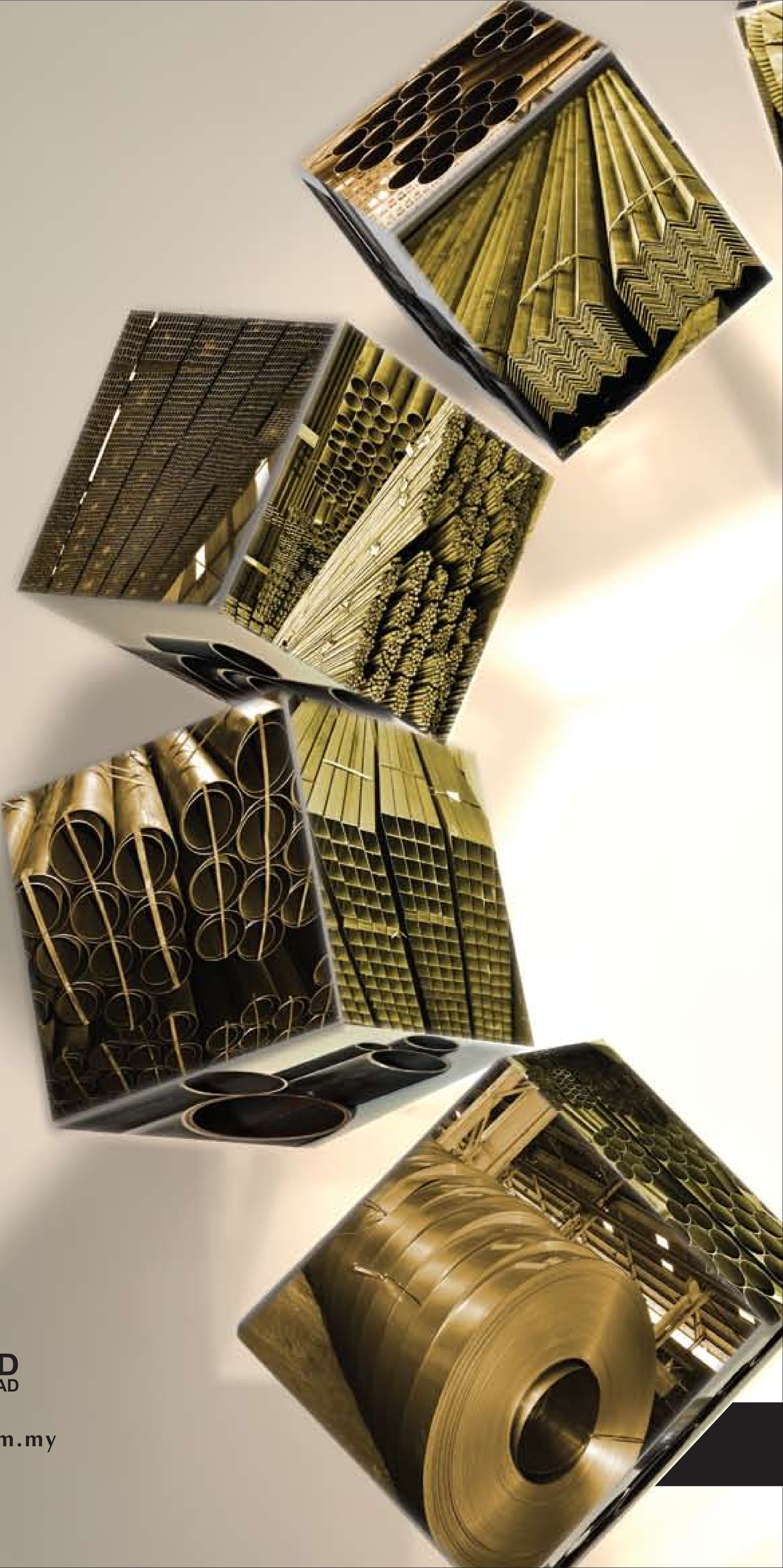

AMALGAMATED
INDUSTRIAL STEEL BERHAD
COMPANY REGISTRATION NO. 9118-M

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