Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

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

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

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

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

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

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

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

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

Part II Basic Plan Information—enter all requested information

1a Name of plan
PAVEMENT RECYCLING SYSTEMS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1990

2a Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
PAVEMENT RECYCLING SYSTEMS, INC.

10240 SAN SEVAINE WAY
MIRA LOMA, CA 91752-1100

2b Employer Identification Number (EIN)
33-0353433

2c Sponsor's telephone number
951-682-1091

2d Business code (see instructions)
237310

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

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

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

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
PAVEMENT RECYCLING SYSTEMS, INC.

10240 SAN SEVAINE WAY
MIRA LOMA, CA 91752-1100

3b Administrator's EIN
33-0353433

3c Administrator's telephone number
951-682-1091

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

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	210
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	143
b	Retired or separated participants receiving benefits	**6b**	7
c	Other retired or separated participants entitled to future benefits	**6c**	45
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	195
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	2
f	Total. Add lines **6d** and **6e**	**6f**	197
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	197
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	9
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2I 2P 2Q

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

9a Plan funding arrangement (check all that apply)

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

9b Plan benefit arrangement (check all that apply)

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

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

a Pension Schedules

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

b General Schedules

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

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2010** **This Form is Open to Public Inspection.**

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

A Name of plan	**B** Three-digit plan number (PN) ▶	
PAVEMENT RECYCLING SYSTEMS, INC. EMPLOYEE STOCK OWNERSHIP PLAN		001
C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)	
PAVEMENT RECYCLING SYSTEMS, INC.	33-0353433	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

INDEPENDENT FINANCIAL ADVISORS LLC

5995 BROCKTON AVE STE B
RIVERSIDE, CA 92506

33-0888730

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	INVESTMENT MANAGERS	7287	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

STERLING WEALTH MANAGEMENT GROUP

1808 ASTON AVENUE STE 245
CARLSBAD, CA 92008

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28	INVESTMENT MANAGER	33429	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN;
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

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

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

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

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

A Name of plan
PAVEMENT RECYCLING SYSTEMS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PAVEMENT RECYCLING SYSTEMS, INC.

D Employer Identification Number (EIN)
33-0353433

Part I Asset and Liability Statement

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

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	213971	697198
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1635767	1208949
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	11761	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	2138224	262093
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	2427792	3379576
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	38975000	40400000
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	45402515	45947816
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i	411651	357085
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	411651	357085
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	44990864	45590731

Part II Income and Expense Statement

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

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	1208949	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1208949
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	123692	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		123692
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	-111522	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		-111522
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		221479
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		1442598
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	770611	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		770611
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		31333
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	40787	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		40787
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		842731
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		599867
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: LENNY YEH, INC (2) EIN: 20-8848624

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

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

Part IV Compliance Questions

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

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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

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

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

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

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

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

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

A Name of plan
PAVEMENT RECYCLING SYSTEMS, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
PAVEMENT RECYCLING SYSTEMS, INC.

D Employer Identification Number (EIN)
33-0353433

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1**

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 20-2082757

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☒ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☒ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Pavement Recycling Systems, Inc.
Employee Stock Ownership Plan

Financial Statements and Supplemental Schedule

December 31, 2010 and 2009

(*With Independent Auditor's Report Thereon)*

PAVEMENT RECYCLING SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

Financial Statements and Supplemental Schedule
December 31, 2010 and 2009

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LENNY YEH, INC.
An Accountancy Corporation

INDEPENDENT AUDITOR'S REPORT

To the Participants and
Plan Administrator of the
Pavement Recycling Systems, Inc.
Employee Stock Ownership Plan

I have audited the financial statements of the Pavement Recycling Systems, Inc. Employee Stock Ownership Plan (the Plan) as of December 31, 2010 and 2009, and for the year ended December 31, 2010, as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

My audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule, as listed in the accompanying table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the United States of America Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lenny Yeh Inc.

Certified Public Accountant

Tustin, California
October 7, 2011



14451 Chambers Road
Ste 150
Tustin, CA 92780

Phone (714) 730-1262
Fax (714) 455-0751
e-Mail lenny@yehcpa.com

PAVEMENT RECYCLING SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31,

	2010			2009		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
Assets:						
Investments at fair value:						
Pavement Recycling Systems, Inc. common stocks	$ 39,720,231	$ 679,769	$ 40,400,000	$ 38,124,326	$ 850,674	$ 38,975,000
Mutual funds	3,379,576	-	3,379,576	2,427,792	-	2,427,792
Money market funds	261,898	-	261,898	2,119,967	-	2,119,967
Cash	697,393	-	697,393	232,228	-	232,228
Assets held for investment purposes	44,059,098	679,769	44,738,867	42,904,313	850,674	43,754,987
Employer's contribution receivable	1,121,178	87,771	1,208,949	1,561,629	85,899	1,647,528
Total assets	45,180,276	767,540	45,947,816	44,465,942	936,573	45,402,515
Liabilities:						
Loan payable - related party	-	349,052	349,052	-	408,873	408,873
Accrued interest - related party	-	8,033	8,033	-	2,778	2,778
Total liabilities	-	357,085	357,085	-	411,651	411,651
Net assets available for benefits, at fair value	$ 45,180,276	$ 410,455	$ 45,590,731	$ 44,465,942	$ 524,922	$ 44,990,864

See accompanying notes to the financial statements and the independent auditor's report.

PAVEMENT RECYCLING SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2010

	Allocated	Unallocated	Total
Additions to net assets attributed to:			
Net realized and unrealized depreciation in the fair value of Pavement Recycling Systems, Inc. common stocks	$ (107,862)	$ (3,660)	$ (111,522)
Net realized and unrealized appreciation in fair value of mutual funds	221,479		221,479
Interest and dividend income	123,692	-	123,692
Employer contribution	1,121,178	87,771	1,208,949
Employer reimbursement	21,656		21,656
Allocations of 2,604 shares of Pavement Recycling Systems, Inc. common stocks, at fair value.	167,245	-	167,245
Total additions	1,547,388	84,111	1,631,499
Deductions from net assets attributed to:			
Withdrawals and distributions	792,267	-	792,267
Interest expense	-	31,333	31,333
Bank and investment management fees	40,787	-	40,787
Allocations of 2,604 shares of Pavement Recycling Systems, Inc. common stocks, at fair value.	-	167,245	167,245
Total deductions	833,054	198,578	1,031,632
Net increase (decrease) in net assets	714,334	(114,467)	599,867
Net assets available for benefits:			
Beginning of year	44,465,942	524,922	44,990,864
End of year	$ 45,180,276	$ 410,455	$ 45,590,731

See accompanying notes to the financial statements and the independent auditor's report.

PAVEMENT RECYCLING SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 - THE PLAN AND ITS SIGNIFICANT ACCOUNTING POLICIES

General **-** The following description of the Pavement Recycling Systems, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions. The Plan is intended to qualify as an Employee Stock Ownership Plan as defined in Section 4975(e)(7) of the Internal Revenue Code (the Code).

The Plan is a defined contribution plan that was established in 1990 by Pavement Recycling Systems, Inc. (the Company) to provide benefits through the automatic accumulation of a proprietary interest in the Pavement Recycling Systems, Inc. common stocks to eligible employees, as defined in the Plan document. Effective January 1, 2007, the Plan has been amended and restated in its entirety, in order to bring the Plan into compliance with Section 401(a) of the Code, as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001, and other applicable statutory and regulatory changes. The Plan administrator believes that the Plan is currently designed and operated in compliance with the applicable requirements of the Code and the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Since the Plan's inception, the Plan purchased 580,770 shares (100% of total outstanding shares) of the Pavement Recycling Systems, Inc. common stocks, using borrowed proceeds secured by the purchased shares, and holds the common stocks in a trust established under the Plan. As the Plan makes each payment of principal and interest, an appropriate percentage of the Pavement Recycling Systems, Inc. common stocks are allocated to eligible employees' accounts in accordance with applicable regulation under the Code.

Borrowings are collateralized by the unallocated shares of the Pavement Recycling Systems, Inc. common stocks. Lenders have no rights against shares once they are allocated under the Plan. Accordingly, the financial statements of the Plan as of December 31, 2010 and 2009 and for the year ended December 31, 2010, present separately the assets and liabilities and changes therein pertaining to the accounts of employees with vested rights in allocated common stocks (Allocated) and common stocks not yet allocated to employees (Unallocated).

Administration **-** Under the terms of the Plan, a group of designated officers of the Company act as the trustee. The Company has appointed an Administrative Committee (the Committee) to manage the operation and administration of the Plan. The Company has contracted with a third-party administrator to process and maintain the records of participant data. The trustee has contracted with Charles Schwab & Co., Inc. (Schwab) as the Plan's investment manager who manages portfolios of high quality and highly liquid marketable investment securities under the trustee's general investment objectives and guidelines. Substantially all expenses incurred for administering the Plan are paid by the Company, except for investment management fees of approximately $41,000 paid by the Plan during 2010.

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

Basis of accounting **-** The financial statements of the Plan are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Subsequent events **–** The Company monitors significant events occurring after the financial statement date and prior to its issuance to determine the impacts, if any, of events on the financial statements to be issued. All subsequent events of which the Company is aware were evaluated through the date of the independent accountant's report.

New accounting pronouncements **-** Participant loans have historically been classified as investments and measured at fair value in a plan's statement of net assets available for benefits. However, in September 2010, the Financial Accounting Standards Board (FASB) issued ASU No. 2010-25, *Plan Accounting – Defined Contribution Pension Plans (Topic 962)*: Reporting Loans to Participants by Defined Contribution Pension Plans. AUS No. 2010-25 requires participant loans to be classified as notes receivable from participants and measured at their unpaid principal balances plus any accrued unpaid interest. ASU No. 2010-25 is effective for years ending after December 15, 2010, with early adoption permitted. The guidance in ASU No. 2010-25 should be initially applied retrospectively to all prior periods presented. The adoption of ASU No. 2010-25 by the Plan for the year ended December 31, 2010 has no material impact to the Plan's financial statements.

In January 2010, the FASB issued Accounting Standards Update 2010-06, *Improving Disclosures about Fair Value Measurements* (ASU 2010-06). ASU 2010-06 amended ASC 820 to clarify certain existing fair value disclosures and require a number of additional disclosures. The guidance in ASU 2010-06 clarified that disclosures should be presented separately for each "class" of assets and liabilities measured at fair value and provided guidance on how to determine the appropriate classes of assets and liabilities to be presented. ASU 2010-06 also clarified the requirement for entities to disclose information about both the valuation techniques and inputs used in estimating Level 2 and Level 3 fair value measurements. In addition, ASU 2010-06 introduced new requirements to disclose the amounts (on a gross basis) and reasons for any significant transfers between Levels 1, 2, and 3 of the fair value hierarchy and present information regarding the purchases, sales, issuances, and settlements of Level 3 assets and liabilities on a gross basis. The guidance in ASU 2010-06 becomes effective for reporting periods beginning after December 15, 2010. ASU 2010-06 is not expected to materially impact the Plan's current fair value disclosures.

Forfeited accounts – Forfeited nonvested accounts are used to restore rehired participants' account balances and to reallocate to eligible participants based on their eligible compensation in accordance with the Plan document. Approximately $161,000 of forfeitures are allocated to eligible participants during 2010.

Investment valuation and income recognition – The Plan's assets and the Company contributions are held and managed by the trustee, who invests cash and investment income received and make distributions to participants.

Pavement Recycling Systems, Inc. common stock is valued at estimated fair value. See further discussion under fair value measurement below.

The Plan's investments in mutual funds and money market funds are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Fair value measurement - Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) *820, Fair Value Measurements and* Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measured fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

- Pavement Recycling Systems, Inc. common stock is valued at estimated fair value based upon an independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables and estimated fair value of company assets and liabilities.

- Mutual funds are valued at the net asset value of shares held by the Plan at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets:				
Pavement Recycling Systems, Inc. common stocks	$ -	$ -	$ 40,400,000	$ 40,400,000
Cash and cash equivalents	697,393	-	-	697,393
Money market funds	261,898	-	-	261,898
Bond funds	1,526,188	-	-	1,526,188
Large blend funds	462,124			462,124
Large growth funds	709,004			709,004
Large value funds	264,932			264,932
Medium, small and other funds	417,328			417,328
Total assets at fair value	$ 4,338,867	$ -	$ 40,400,000	$ 44,738,867

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets:				
Pavement Recycling Systems, Inc. common stocks	$ -	$ -	$ 38,975,000	$ 38,975,000
Cash and cash equivalents	232,228	-	-	232,228
Money market funds	2,119,967	-	-	2,119,967
Bond funds	1,068,331	-	-	1,068,331
Large blend funds	304,110	-	-	304,110
Large growth funds	549,210	-	-	549,210
Large value funds	198,993	-	-	198,993
Medium, small and other funds	307,148	-	-	307,148
Total assets at fair value	$ 4,779,987	$ -	$ 38,975,000	$43,754,987

The following table presents the changes in Level 3 instruments measured on a recurring basis for the year ended December 31, 2010:

	Investment in Pavement Recycling Systems, Inc. Common Stock
Balance, beginning of year	$ 38,975,000
Realized gains/(losses)	-
Unrealized gains/(losses) relating to assets still held at the reporting date	(111,522)
Purchases, sales, issuances and settlements (net)	1,536,522
Balance, end of year	$ 40,400,000

The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date is ($111,522).

Cash and cash equivalents - All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents. These investments are usually held for a short period of time, pending long-term investment.

Income taxes - The Company has applied for a favorable determination letter for the Plan, and is currently waiting for an approval from the Internal Revenue Service. The Company believes that the Plan is operated in accordance with, and is qualified under the applicable requirements of the Code and related state statutes and that the trust, which forms a part of the Plan, is exempt from federal income and state franchise taxes.

Risks and uncertainties - The Plan invests its funds primarily in the Pavement Recycling Systems, Inc. common stocks, mutual funds, stocks, bonds, fixed income securities and various other investment securities. The Company is privately held, its common stocks are not widely traded and do not have readily market determinable valuation. In the event of the Company's failure, the Plan will be subjected to losses to the extent of amounts invested in the Pavement Recycling Systems, Inc. common stocks. Mutual funds, stocks, bonds, fixed income securities and various other investment securities are exposed to various risks, such as interest rate, market fluctuations and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

NOTE 2 - RELATED PARTY TRANSACTIONS

During January 2000, as a result of the Company's merger with another company, in essence, the Plan entered into a $1,200,060 loan agreement with the Company relating to the purchase of additional Pavement Recycling Systems, Inc. common stocks issued during the merger transaction. Unallocated shares are collateral for the loan. As of December 31, 2010, the loan requires 6 remaining annual principal repayments of approximately $60,000 plus interest at 8.00% per annum. The note payable is stated at cost which approximates to its fair value. The fair value of the note payable as of December 31, 2010 and 2009 was approximately $349,000 and $409,000, respectively. Such a lending transaction, while considered a party-in-interest transaction under ERISA regulations, is permitted under the provisions of the Plan and is specifically exempt from the prohibition of party-in-interest transactions under ERISA.

NOTE 3 - PARTICIPATION AND BENEFITS

Participant contributions - Participants may not contribute to the Plan.

Employer contributions – The Company makes annual cash contributions to the Plan in an amount determined by the Company's Board of Directors on a discretionary basis.

Vesting – In general, participants are fully vested in their allocated accounts after 5 years of credited service or upon reaching age 65, incurring a disability while employed by the Company or dies while employed by the Company, whichever is sooner.

Participant accounts – The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited with an allocation of shares of the Company's common stock released by the Plan trustee from the unallocated account, the Company's contributions, Plan earnings or losses, forfeitures of terminated participants' nonvested accounts, and reallocation of the Company's common stocks repurchased from terminated participants. Allocations are based on the participant's eligible compensation or account balances, as defined in the Plan.

Payment of benefits – In general, upon termination, the participant or beneficiary may receive their total benefits in a lump sum amount equal to the value of the participant's vested interest in their allocated accounts, or receive their benefits in periodic installments over a 5 year period depending on their account balances. Benefit distributions are recorded by the Plan when paid.

Voting rights – In accordance with instructions from the Plan document, the trustee is entitled to voting rights on the Pavement Recycling Systems, Inc. common stocks held by the trust. Each participant is entitled to provide confidential voting instructions to the trustee and will be provided with the proxy statement and other materials provided to the Company shareholders in connection with each shareholder meeting, together with a form upon which voting instructions may be given to an independent third party who will tabulate votes and provide instructions to the trustee as to the voting of the Pavement Recycling Systems, Inc. common stocks as directed by participants.

Put Option – Under federal income tax regulations, the employer securities that are held by the Plan and its participants, and that are not readily tradable on an established market, or that are subject to trading limitations, include a put option (liquidity put). The liquidity put is a right to demand that the Company buy shares of its common stocks held by the participant for which there is no market. The put price is representative of the fair market value of the common stocks. The Company may pay for the purchase with interest not exceeding a period of five years. The purpose of the liquidity put is to ensure that the participant has the ability to ultimately obtain cash. In addition, if the Company elects to pay the purchase price of the common stock option under the installment method then the Company shall give the participant who is exercising the put option the Company's promissory note for the full unpaid balance of the purchase price.

Diversification – Prior to January 1, 2010, the Plan offers two types of diversifications for participants so they may have the opportunity to move part of the value of their investments in the Pavement Recycling Systems, Inc. common stock into investments which are more diversified and liquid. Effective January 1, 2010, the Company amended the Plan to cease discretionary diversification provision.

Discretionary diversification was offered to participants who have completed 10 years of Plan participation. In general, participants may elect annually to diversify up to 10% of the Pavement Recycling Systems, Inc. common stock allocated to his or her account subject to certain limitations.

Statutory diversification is offered to participants who have completed 10 years of Plan participation and who have attained age 55. Participants may elect annually over a six-year period to diversify up to 25% of the Pavement Recycling Systems, Inc. common stock allocated to his or her account.

As of December 31, 2010, approximately 22,800 shares of Pavement Recycling Systems, Inc. common stocks are eligible for diversification.

Information about the net assets and the significant components of the changes in net assets relating to diversification investment accounts is as follows for the years ended December 31:

	2010	2009
Net assets:		
Cash	$ 44	$ -
Money market funds	150,156	1,497,945
Mutual funds - bonds	1,044,049	-
Mutual funds - equities	848,221	-
	$ 2,042,470	$ 1,497,945

	Year ended December 31, 2010
Changes in net assets:	
Diversification elections	$ 432,453
Interest and dividend income	61,269
Net appreciation	67,926
Investment management fees	(17,123)
	$ 544,525

Loans to participants **–** Currently, participant loans are not available for the participants to borrow against their account balances.

NOTE 4 - PLAN OBLIGATIONS

Included in net assets available for benefits at December 31, 2010 are benefits due to withdrawing participants for benefits to be paid in accordance with the Plan document, of approximately $12,000,000 which is summarized below:

Year	
2011	$ 1,200,000
2012	1,100,000
2013	1,300,000
2014	1,200,000
2015 and after	7,200,000
	$ 12,000,000

NOTE 5 - INVESTMENTS

The following presents investments that represent 5 percent or more of the plan's net assets at December 31, 2010 and 2009:

	December 31, 2010		
	Allocated	Unallocated	Total
Pavement Recycling Systems, Inc. common stock:			
Number of shares	618,485	10,585	629,070
Cost	$ 6,686,480	$ 217,996	$ 6,904,476
Fair value	$ 39,720,231	$ 679,769	$ 40,400,000

	December 31, 2009		
	Allocated	Unallocated	Total
Pavement Recycling Systems, Inc. common stock:			
Number of shares	591,081	13,189	604,270
Cost	$ 5,096,329	$ 271,625	$ 5,367,954
Fair value	$ 38,124,326	$ 850,674	$ 38,975,000

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows for the year ended December 31, 2010:

Pavement Recycling Systems, Inc.	
Common Stocks	$ (111,522)
Mutual funds	221,479
	$ 109,957

Starting in 2009, the Company has issued annually new additional shares of Pavement Recycling Systems, Inc. common stocks and has contributed these shares into the Plan in settlement for portion of employer's contribution receivable that is recorded at each prior year end. Although the new issuances of shares create dilution impact on existing shares, it also provides new additional shares to eligible participants. The net impact from this transaction is allowing newer employees to participate in receiving shares of Pavement Recycling Systems, Inc. common stocks through ownership dilution of existing shares.

The following table summarizes the history of additional shares issued in settlement of prior year contribution receivable:

	Shares		Dilution %	Amounts settled, **#1**	Unit price for new issued shares, **#2**	Appraised value as of December 31,	
		Accumulative					
Shares purchased by the Plan as of 12/31/2008		580,770				2008	$ 38,075,000
New shares issued, **#3**:							
2009	23,500	604,270	4.0%	$ 1,480,735	$ 63.01	2009	$ 38,975,000
2010	24,800	629,070	4.1%	1,536,522	$ 61.96	2010	$ 40,400,000
2011, **#4**	15,000	644,070	2.4%	911,155	$ 62.73		
Total shares issued	63,300		10.9%	$ 3,928,412			
Shares outstanding as of September 15, 2011		644,070					

#1: Amounts settled represent valuation of new shares issued in settlement of prior year's employer's contributions receivable.

#2: Unit price for new issued shares is derived from the Company's total appraised value at year end, divided by the total shares outstanding at year end plus the new issued shares.

#3: Allocations of new shares issued during the year are based on each eligible participant's relative eligible compensations in prior year.

#4: Of 15,000 shares issued during 2011, 14,526 shares are allocated for settlement of December 31, 2010 contributions receivable, and 474 shares will be allocated as 2011 contributions.

At December 31, 2010 and 2009, the Plan holds 100% of the Company's total outstanding shares.

NOTE 6 - PLAN TERMINATION AND/OR MODIFICATION

The Company intends to continue the Plan indefinitely for the benefit of its participants; however, it reserves the right to terminate and/or modify the Plan at any time by resolution of its Board of Directors and subject to the provisions of ERISA. In the event the Plan is terminated in the future, participants would become fully vested in their accounts.

SUPPLEMENTAL SCHEDULE

PAVEMENT RECYCLING SYSTEMS, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 33-0353433
PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2010

	Identity of issue, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	(if applicable) Cost	Current value
(a)	(b)	(c)	(d)	(e)
*	Pavement Recycling Systems, Inc.	629,070 Shares of Pavement Recycling Systems, Inc. Common Stocks	$ 6,904,476	$ 40,400,000
	Charles Schwab & Co., Inc:			
	Cash	Schwab cash	195	195
	Money Market Funds	Schwab money fund	192,381	192,381
	Lord Abbett Short Duration Income I Fund	Mutual fund	487,872	490,453
	MainStay Floating Rate Fund Class A	Mutual fund	212,350	225,100
	MainStay Indexed Bond Fund I Share	Mutual fund	226,997	228,161
	Touchstone Ultra Short Duration Fixed Income Fund Z Sha	Mutual fund	341,334	339,930
	Vanguard Short Term Bond Index Fund Investor Share	Mutual fund	240,844	242,544
	BlackRoack Global Allocation Fund Class A	Mutual fund	20,448	21,779
	Fidelity Advisor New Insights Fund Class A	Mutual fund	160,922	165,757
	First American Global Infrastructure Y	Mutual fund	6,440	6,621
	Goldman Sachs Small Mid Cap Growth Fund Class A	Mutual fund	246,753	295,597
	Goldman Sachs Strategid Growth A	Mutual fund	79,800	88,222
	Henderson International Opportunity Fund Class A	Mutual fund	85,163	112,930
	Ivy Asset Strategy Fund Class I	Mutual fund	352,128	455,025
	Lord Abbet Developing Growth A	Mutual fund	4,925	6,858
	Sextant International Fund	Mutual fund	167,781	221,993
	Sunamerica Alternative Strategies Fund Class A	Mutual fund	107,514	108,252
	Sunamerica Focused Dividend Strategy Fund A	Mutual fund	128,422	129,121
	Touchstone Emerging Markets Equity Fund Class A	Mutual fund	98,109	105,422
	Wasatch 1st Source Incm Equity Fund	Mutual fund	127,819	135,811
	Wells Fargo	Cash	697,198	697,198
	Wells Fargo	Money market fund	69,517	69,517
		Total	$ 10,959,388	$ 44,738,867

* Party-in-interest

PARTY IN INTEREST -
IDENTITY - Cash
DESCRIPTION - Cash
COST - 697393
CURRENT VALUE - 697393

PARTY IN INTEREST - X
IDENTITY - Pavement Recycling S
DESCRIPTION - Common Stock
COST - 0
CURRENT VALUE - 40400000

PARTY IN INTEREST -
IDENTITY - Schwab Money Market
DESCRIPTION - Money Market
COST - 192381
CURRENT VALUE - 192381

PARTY IN INTEREST -
IDENTITY - WF Advantage Money M
DESCRIPTION - Money Market
COST - 69517
CURRENT VALUE - 69517

PARTY IN INTEREST -
IDENTITY - Sunamerica Focused
DESCRIPTION - Mutual Fund
COST - 128422
CURRENT VALUE - 129121

PARTY IN INTEREST -
IDENTITY - First American Globa
DESCRIPTION - Mutual Fund
COST - 6440
CURRENT VALUE - 6621

PARTY IN INTEREST -
IDENTITY - 1st Source Monogram
DESCRIPTION - Mutual Fund
COST - 127819
CURRENT VALUE - 135810

PARTY IN INTEREST -
IDENTITY - Fidelity Adv New
DESCRIPTION - Mutual Fund
COST - 160921
CURRENT VALUE - 165756

PARTY IN INTEREST -
IDENTITY - Goldman Sachs Strat
DESCRIPTION - Mutual Fund
COST - 79800
CURRENT VALUE - 88222

PARTY IN INTEREST -
IDENTITY - Goldman Sachs Small
DESCRIPTION - Mutual Fund
COST - 246753
CURRENT VALUE - 295597

PARTY IN INTEREST -
IDENTITY - Lord Abbott Developi
DESCRIPTION - Mutual Fund
COST - 4925
CURRENT VALUE - 6858

PARTY IN INTEREST -
IDENTITY - Ivy Asset Strategy F
DESCRIPTION - Mutual Fund
COST - 352128
CURRENT VALUE - 455025

PARTY IN INTEREST -
IDENTITY - Blackrock Global All
DESCRIPTION - Mutual Fund
COST - 20448
CURRENT VALUE - 21779

PARTY IN INTEREST -
IDENTITY - Henderson Int Oppty
DESCRIPTION - Mutual Fund
COST - 85162
CURRENT VALUE - 112930

PARTY IN INTEREST -
IDENTITY - Sextant Intl Fund
DESCRIPTION - Mutual Fund
COST - 167780
CURRENT VALUE - 221993

PARTY IN INTEREST -
IDENTITY - Touchstone Emrg Mkts
DESCRIPTION - Mutual Fund
COST - 98109
CURRENT VALUE - 105423

PARTY IN INTEREST -
IDENTITY - Sunamerica Alternati
DESCRIPTION - Mutual Fund
COST - 107514
CURRENT VALUE - 108252

PARTY IN INTEREST -
IDENTITY - Lord Abbett Short
DESCRIPTION - Mutual Fund
COST - 487872
CURRENT VALUE - 490452

PARTY IN INTEREST -
IDENTITY - Mainstay Indexed Bon
DESCRIPTION - Mutual Fund
COST - 226996
CURRENT VALUE - 228161

PARTY IN INTEREST -
IDENTITY - Mainstay Floating Ra
DESCRIPTION - Mutual Fund
COST - 212350
CURRENT VALUE - 225099

PARTY IN INTEREST -
IDENTITY - Touchstone Ultra Sho
DESCRIPTION - Mutual Fund
COST - 341333
CURRENT VALUE - 339930

PARTY IN INTEREST -
IDENTITY - Vanguard Short Term
DESCRIPTION - Mutual Fund
COST - 78280
CURRENT VALUE - 80074

PARTY IN INTEREST -
IDENTITY - Vanguard GNMA Fund
DESCRIPTION - Mutual Fund
COST - 162564
CURRENT VALUE - 162470