

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), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2011 This Form is Open to Public Inspection
---	---	---

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan FRANKLIN MACHINE PRODUCTS, INC. 401(K) PROFIT SHARING PLAN AND TRUST	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;">003</td> </tr> <tr> <td colspan="2">1c Effective date of plan 01/01/1984</td> </tr> </table>	1b Three-digit plan number (PN) ▶	003	1c Effective date of plan 01/01/1984	
1b Three-digit plan number (PN) ▶	003				
1c Effective date of plan 01/01/1984					
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) FRANKLIN MACHINE PRODUCTS, INC. 101 MT. HOLLY BY-PASS LUMBERTON, NJ 08048	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) 13-5087190</td> </tr> <tr> <td>2c Sponsor's telephone number 609-267-3700</td> </tr> <tr> <td>2d Business code (see instructions) 332900</td> </tr> </table>	2b Employer Identification Number (EIN) 13-5087190	2c Sponsor's telephone number 609-267-3700	2d Business code (see instructions) 332900	
2b Employer Identification Number (EIN) 13-5087190					
2c Sponsor's telephone number 609-267-3700					
2d Business code (see instructions) 332900					

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.	10/04/2012	JANICE KLUMPP
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/04/2012	JANICE KLUMPP
	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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") FRANKLIN MACHINE PRODUCTS, INC. 101 MT. HOLLY BY-PASS LUMBERTON, NJ 08048	3b Administrator's EIN 13-5087190 3c Administrator's telephone number 609-267-3700
--	---

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	171
---	----------	-----

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	137
b Retired or separated participants receiving benefits.....	6b	1
c Other retired or separated participants entitled to future benefits.....	6c	31
d Subtotal. Add lines 6a , 6b , and 6c	6d	169
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	169
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	162
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	10

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
--	----------	--

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

2E 2F 2G 2J 2K 3D

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

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ 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) ☒ Trust (4) ☐ General assets of the sponsor
---	---

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

a Pension Schedules

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

b General Schedules

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

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information 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.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>FRANKLIN MACHINE PRODUCTS, INC. 401(K) PROFIT SHARING PLAN AND TRUST</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FRANKLIN MACHINE PRODUCTS, INC.</u>	D Employer Identification Number (EIN) <u>13-5087190</u>

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
CAPITAL RESEARCH & MANAGEMENT

95-1411037

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

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

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

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

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

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

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

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

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

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

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

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)

CAPITAL RESEARCH & MANAGEMENT

95-1411037

(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?
64 52 60 62 25 49 72	RECORDKEEPER	10	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

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

MORGAN STANLEY SMITH BARNEY

26-4310632

(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?
49 99	FINANCIAL PROFESSIONAL		Yes ☒ No ☐	Yes ☒ No ☐	308	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 ☐

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)

(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
MORGAN STANLEY SMITH BARNEY	49 99	308
(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.	
AMERICAN FUNDS DISTRIBUTORS, INC. 95-2769620	ADDITIONAL COMPENSATION FROM AMERICAN FUNDS DISTRIBUTORS, INC. OF \$307.73	
(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

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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 2011 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>FRANKLIN MACHINE PRODUCTS, INC. 401(K) PROFIT SHARING PLAN AND TRUST</u>	B Three-digit plan number (PN) ►	<u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FRANKLIN MACHINE PRODUCTS, INC.</u>	D Employer Identification Number (EIN) <u>13-5087190</u>	

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	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	430644	290369
(2) U.S. Government securities.....	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other.....	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	0	0
(9) Value of interest in common/collective trusts.....	1c(9)	0	0
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	4965033	5051232
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	5395677	5341601

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h		
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5395677	5341601
---	-----------	---------	---------

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 Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	132841	
(B) Participants	2a(1)(B)	267710	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		400551

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	0	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	118744	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		118744

(3) Rents	2b(3)		0
-----------------	--------------	--	---

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-69957
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		449338

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	497893	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		497893
f Corrective distributions (see instructions)	2f		5511
g Certain deemed distributions of participant loans (see instructions).....	2g		0
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	10	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		10
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		503414

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-54076
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

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

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

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ 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 ☐ No

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

(1) Name: GOLD GERSTEIN GROUP LLC

(2) EIN: 26-3584493

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.).....		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.).....		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.)		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.).....		X	
e Was this plan covered by a fidelity bond?.....	X		400000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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?		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?		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.).....	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.).....		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?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		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.		X	

- 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
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>FRANKLIN MACHINE PRODUCTS, INC. 401(K) PROFIT SHARING PLAN AND TRUST</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FRANKLIN MACHINE PRODUCTS, INC.</u>	D Employer Identification Number (EIN) <u>13-5087190</u>

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	<u>0</u>
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): <u>20-3691658</u>		
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 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 (include any prior year accumulated funding deficiency not waived)	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 or other authority 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. 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): _____

- 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): _____

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

**Financial Statements and
Supplementary Information and
Independent Auditor's Report**

Years Ended December 31, 2011 and 2010

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Contents

December 31, 2011 and 2010

	Page
Independent Auditor's Report	1 – 2
Financial Statements	
Statements of Net Assets Available for Benefits at December 31, 2011 and 2010	3
Statement of Changes in Net Assets Available for Benefits For the year ended December 31, 2011	4
Notes to the Financial Statements at December 31, 2011 and 2010	5 – 13
Supplementary Information*	
Schedule H – Schedule of Assets Held (at End of Year)	14

*Other schedules have not been presented because there were no other transactions which are required to be disclosed under Department of Labor Rules and Regulations for Reporting and Disclosure under the Employment Retirement Income Security Act of 1974 (ERISA).



Independent Auditor's Report

To the Administrative Committee of
Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust
Lumberton, New Jersey

We were engaged to audit the accompanying statements of net assets available for benefits of Franklin Machine Products, Inc., 401(k) Profit Sharing Plan and Trust as of December 31, 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011 and the supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year), for the year ended December 31, 2011. These financial statements and supplemental schedule are the responsibility of the Plan's management. The financial statements of the Plan as of December 31, 2010 were audited by Gold Gocial Gerstein LLC and whose report dated September 19, 2011 disclaimed opinion on those financial statements. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan administrator instructed the other auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by Capital Bank and Trust, the trustee of the Plan. Their report, dated September 19, 2011, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole and (b) the form and content of the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Capital Bank and Trust, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee as of December 31, 2011 and 2010 and for the year ended December 31, 2011, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the Plan's 2011 financial statements and supplemental schedule that we did not audit, we are unable to, and do not, express an opinion on these accompanying 2011 financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the 2011 financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the ERISA.

Gold Gerstein Group LLC

Gold Gerstein Group LLC

September 21, 2012

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Statements of Net Assets Available for Benefits

December 31	2011	2010
Investments , at fair value		
Mutual funds	\$5,051,233	\$4,965,033
Money market fund	290,368	430,644
	<hr/>	<hr/>
Total investments	5,341,601	5,395,677
	<hr/>	<hr/>
Receivables		
Employer's contribution	135,444	132,841
	<hr/>	<hr/>
Total assets	5,477,045	5,528,518
	<hr/>	<hr/>
Liabilities		
Excess contributions refundable	14,243	-
	<hr/>	<hr/>
Net assets available for benefits	<u>\$5,462,802</u>	<u>\$5,528,518</u>

See accompanying notes.

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

**Statement of Changes in
Net Assets Available for Benefits**

For the year ended December 31, 2011

Additions to net assets attributed to:

Investment income:

Net depreciation in fair value
of investments

(\$ 69,957)

Interest and dividends – mutual funds

118,744

Investment expenses

(10)

Total investment income

48,777

Contributions:

Employer

135,444

Participants

253,467

Total contributions

388,911

Total additions

\$ 437,688

Deductions from net assets attributed to:

Benefits paid to participants

503,404

Net decrease

(65,716)

**Net assets available for plan benefits
at beginning of year**

5,528,518

**Net assets available for plan benefits
at end of year**

\$5,462,802

See accompanying notes.

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Notes to the Financial Statements

December 31, 2011 and 2010

1. Description of the Plan

The following description of the Franklin Machine Products, Inc. (the "Company") 401(k) Profit Sharing Plan and Trust (the "Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan was established on January 1, 1984, for all eligible employees of the Company. Subsequently, the Plan was revised as a 401(k) Plan. Each employee is eligible on the first day of the quarter following the completion of one year of service, and having attained age 21. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974.

Contributions

Participants may elect to contribute up to 100% of their annual compensation, as defined, subject to Internal Revenue Code limitations. Participants who have attained age 50 before the end of the year are eligible to make catch-up contributions. All employee contributions and the company's discretionary contributions are self-directed by the participants into various investment options offered by the Plan.

Each year the company is permitted to contribute to the Plan, on a discretionary basis, at the option of the Company's Board of Directors. Company contributions are based on employee salaries and allocated accordingly.

Participant Accounts

Each participant's account is credited with the participant's contribution and an allocation of the Company's contribution and Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investment Options

Participants must direct their salary deferral contributions and employer contributions to selected investments offered by the Plan administrator. Participants may change their investment options at any time using a voice response system or the internet.

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Notes to the Financial Statements

December 31, 2011 and 2010

1. Description of the Plan (Continued)

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the company's discretionary contribution portion is based on years of continuous service. A participant is fully vested after six years of credited service.

Payment of Benefits

The Plan provides for distribution of benefits upon a participant's employment termination, death, total and permanent disability, or attainment of normal retirement age, unless the employee remains employed past the Plan's normal retirement date. In this case, benefits become available on the late retirement date. Hardship withdrawals are permitted by the Plan subject to the Internal Revenue Code.

Forfeited Accounts

The non-vested portion of employer contributions is forfeited upon distribution of the entire vested portion of a participant's account balance. As of December 31, 2011 and 2010 forfeited non-vested accounts totaled \$2,753 and \$1,596, respectively. These amounts are used to reduce employer contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Notes to the Financial Statements

December 31, 2011 and 2010

2. Summary of Significant Accounting Policies (Continued)

New Accounting Standards

In May 2011, FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The objective of this update is to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP) and International Financial Reporting Standards (IFRSs), by changing the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and disclosing information about fair value measurements. The amendments include those that clarify FASB's intent about the application of existing fair value measurement and disclosure requirements and those that change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2011. ASU 2011-04 is not expected to have a material impact on the Plan's financial statements when adopted.

Investment Valuation and Income Recognition

Shares of registered investment companies (mutual funds) are reported at fair value based on the quoted market price of the fund, which represents the net asset values of the shares held by the fund at year-end.

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.

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

Payment of Benefits

Benefits are recorded when paid.

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Notes to the Financial Statements

December 31, 2011 and 2010

2. Summary of Significant Accounting Policies (Continued)

Use of 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 amount of assets, liabilities, and changes therein and disclosures. Accordingly, actual results could differ from those estimates.

Administrative Expenses

Certain administrative functions are performed by employees of the company. No such officer or employee receives compensation from the Plan. Trustee fees and investment expenses are paid by the plan. Professional fees associated with the Plan administration are paid by the Plan sponsor.

3. Investments – Information Prepared and Certified by Trustees

The following information included in the accompanying financial statements and supplemental schedules were obtained from data that has been prepared and certified to as complete and accurate by the trustee, Capital Bank and Trust. Funds marked with an * represent investments that are greater than 5% of Plan net assets.

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Notes to the Financial Statements

December 31, 2011 and 2010

3. Investments –Information Prepared and Certified by Trustees (Continued)

Investments, at fair value:

	<u>2011</u>	<u>2010</u>
* American Funds EuroPacific Growth Fund	\$ 439,200	\$ 484,112
American Funds Growth Fund of America	216,233	216,628
Davis New York Venture Fund – A	141,915	142,187
* Oppenheimer Developing Market Fund – A	276,830	340,895
American Funds Capital World	234,723	252,725
* American Funds Washington Mutual	1,942,875	1,845,088
American Funds Capital Income Builder	29,645	-
* American Funds American Balanced	1,007,120	886,977
* American Funds Bond Fund of America	503,752	588,048
PIMCO Real Return A	86,877	72,204
PIMCO Total Return A	117,902	100,985
* American Funds Cash Management	290,368	430,644
American Funds 2020 Target Date Fund	-	107
American Funds 2025 Target Date Fund	19,213	16,296
American Funds 2030 Target Date Fund	19,143	9,417
American Funds 2035 Target Date Fund	497	-
American Funds 2040 Target Date Fund	15,004	9,330
American Funds 2045 Target Date Fund	304	34
	<u>\$5,341,601</u>	<u>\$5,395,677</u>

Investment income

Net depreciation in fair value of assets	(\$ 69,957)
Interest and dividends – mutual funds	<u>118,744</u>
	<u>\$ 48,787</u>

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Notes to the Financial Statements

December 31, 2011 and 2010

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosure, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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: Securities traded on an active market.
- Level 2: Securities not traded on an active market but observable market inputs are readily available.
- Level 3: Securities not traded on an active market and observable market inputs are not readily available.

All of the Plan's assets are investments in registered investment companies (mutual funds and money market funds) which are level 1 on the fair value hierarchy.

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, 2011 and 2010.

Mutual funds:	Valued at the quoted net asset value (NAV) of shares held by the Plan at year end.
Money market fund:	Valued at \$1 per share. Recorded amount approximates fair value as the average maturity of the investments in the fund is less than 90 days.

The preceding methods described may product 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.

**Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust**

Notes to the Financial Statements

December 31, 2011 and 2010

4. Fair Value Measurements (Continued)

The following sets forth by level, within the fair value hierarchy, the Plan's investments at fair value at December 31:

	<u>2011</u>	<u>2010</u>
Level 1:		
Mutual funds:		
Growth	\$1,074,178	\$1,183,822
Growth and income	2,177,598	2,097,813
Equity – income	29,645	-
Balanced	1,007,120	886,977
Bond	708,531	761,237
Target date	54,161	35,184
Money market fund	<u>290,368</u>	<u>430,644</u>
	<u>\$5,341,601</u>	<u>\$5,395,677</u>

5. Reconciliation of Financial Statements to Form 5500

	<u>December 31, 2011</u>	<u>2010</u>
Net assets available for benefits per the financial statements	\$5,477,045	\$5,528,518
Employer contribution receivable	<u>(135,444)</u>	<u>(132,841)</u>
Net assets available for benefits per Form 5500	<u>\$5,341,601</u>	<u>\$5,395,677</u>
Contributions per financial statements	\$ 388,911	
Employer contribution receivable		
2010	132,841	
2011	(135,444)	
Excess contributions refundable	<u>14,243</u>	
Contributions per Form 5500	<u>\$ 400,551</u>	

Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust

Notes to the Financial Statements

December 31, 2011 and 2010

6. Related Party Transactions

Capital Bank and Trust is the trustee and administrator of the plan. A majority of the funds are invested in American Funds mutual funds. Capital Bank and Trust and American Funds are related companies and, therefore, these transactions qualify as party-in-interest transactions. The plan paid fees of \$10 and \$10 for the years ended December 31, 2011 and 2010.

7. Excess Contribution Refundable

Amounts refundable to participants for contributions made in excess of amounts allowed by the Internal Revenue Service were refunded in the following year.

8. Plan Termination

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

9. Tax Status

The plan obtained its latest determination letter on May 28, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. Although the Plan has been amended since receiving the determination letter, all amendments were technical corrections to comply with changes in the law. The Plan administrator states that the plan is a prototype and that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust

Notes to the Financial Statements

December 31, 2011 and 2010

9. Tax Status (Continued)

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

10. Risks and Uncertainties

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

11. Subsequent Events

The Plan has evaluated events and transactions that occurred after December 31, 2011 through September , 2012, which is the date the financial statements were available to be issued. No additional events or transactions occurred that require further disclosure.

Supplementary Information

Franklin Machine Products, Inc.
401(k) Profit Sharing Plan and Trust
EIN 13-5087190 Plan No. 003

Form 5500, Schedule H, Line 4i
Schedule of Assets Held (at End of Year)

December 31, 2011

(b) Description	(e) Current Value
*American Funds EuroPacific Growth Fund	\$ 439,200
*American Funds Growth Fund of America	216,233
Davis New York Venture Fund – A	141,915
*Oppenheimer Developing Market Fund – A	276,830
American Funds Capital World	234,723
*American Funds Washington Mutual	1,942,875
American Funds Capital Income Builder	29,645
*American Funds American Balanced	1,007,120
*American Funds Bond Fund of America	503,752
PIMCO Real Return A	86,877
PIMCO Total Return A	117,902
*American Funds Cash Management	290,368
*American Funds 2025 Target Date Fund	19,213
*American Funds 2030 Target Date Fund	19,143
American Funds 2035 Target Date Fund	497
*American Funds 2040 Target Date Fund	15,004
American Funds 2045 Target Date Fund	304
Total	\$5,341,601

See independent auditor's report.

The above information has been certified by Capital Bank and Trust, the Plan's trustee, as complete and accurate.

*A party-in-interest as defined by ERISA.

ASSETS HELD FOR INVESTMENT PURPOSES
Franklin Machine Products, Inc. 401(k) Profit Sharing Plan and Trust

01-JAN-11 to 31-DEC-11

19-JAN-12 17:31:03

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE
IREREX			508,533.61	439,199.86
IRGAEX			213,821.91	216,233.24
IDV-NYV			136,607.96	141,914.59
IODMAX			285,373.52	276,830.13
IRWIEX			259,014.00	234,723.48
IRWMEX			2,017,991.44	1,942,875.11
IRIREX			29,794.94	29,644.78
IRLBEX			961,473.82	1,004,886.47
IRBFEX			505,312.16	503,751.54
IPRTNX			81,275.06	86,877.27
IPTTAX			117,271.17	117,902.09
IRADXX			290,368.42	290,368.42
IRDDTX			18,848.35	19,213.05
IRDETX			18,322.05	19,143.21
IRDFTX			497.52	497.25
IRDGTK			14,125.54	15,003.73
IRDHTX			318.45	304.30
			5,458,949.92	5,339,368.52
FORFEITURES			2,204.20	2,232.06

Attachment to Form 5500, Schedule H, Part 4, Item I
EIN # 135087190

LEGEND

INVESTMENT OPTION:

IREREX	American Funds EuroPacific Growth Fd R4	IRGAEX	American Funds Growth Fund of America R4
IDV-NYV	Davis New York Venture Fund - A	IODMAX	Oppenheimer Developing Market Fund - A
IRWIEX	American Funds Capital World Gr & Inc R4	IRWMEX	American Funds Washington Mutual Fund R4
IRIREX	American Funds Capital Income Builder R4	IRLBEX	American Funds American Balanced Fund R4
IRBFEX	American Funds Bond Fund of America R4	IPRTNX	PIMCO Real Return Fund - A
IPTTAX	PIMCO Total Return - A	IRADXX	American Funds Money Market Fund R4
IRDDTX	American Funds 2025 Target Date Fund R4	IRDETX	American Funds 2030 Target Date Fund R4
IRDFTX	American Funds 2035 Target Date Fund R4	IRDGTK	American Funds 2040 Target Date Fund R4
IRDHTX	American Funds 2045 Target Date Fund R4		

COST OF ASSETS: The original cost of the assets in each investment option as of the last day of the plan year
CURRENT VALUE: The value of all assets in each investment option as of the last day of the plan year