

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 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2011</div> This Form is Open to Public Inspection
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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 <u>ARC MACHINES, INC. 401K SAVINGS PLAN</u>	<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;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>08/01/1988</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>08/01/1988</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>08/01/1988</u>					
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>ARC MACHINES, INC.</u> <u>10500 ORBITAL WAY</u> <u>PACOIMA, CA 91331</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>95-3010284</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>818-896-9556</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>333510</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>95-3010284</u>	2c Sponsor's telephone number <u>818-896-9556</u>	2d Business code (see instructions) <u>333510</u>	
2b Employer Identification Number (EIN) <u>95-3010284</u>					
2c Sponsor's telephone number <u>818-896-9556</u>					
2d Business code (see instructions) <u>333510</u>					

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.	10/15/2012	ROLFE JONES
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2012	ROLFE JONES
	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") ARC MACHINES, INC. 10500 ORBITAL WAY PACOIMA, CA 91331	3b Administrator's EIN 95-3010284 3c Administrator's telephone number 818-896-9556
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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
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5 Total number of participants at the beginning of the plan year	5	234
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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	211
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	58
d Subtotal. Add lines 6a , 6b , and 6c	6d	269
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	270
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	249
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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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 2T 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
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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 ARC MACHINES, INC. 401K SAVINGS PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 ARC MACHINES, INC.	D Employer Identification Number (EIN) 95-3010284

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

DELAWARE INVESTMENTS	2005 MARKET ST 4TH FLOOR PHILADELPHIA, PA 19103
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(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

PACIFIC INVESTMENT MGMT CORP	840 NEWPORT CENTER DRIVE NEWPORT BEACH, CA 92660-6397
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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

MORGAN STANLEY DEAN WITTER	1585 BROADWAY NEW YORK, NY 10020
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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

NEUBERGER & BERMAN FUNDS	ONE INTERNATIONAL PLACE BOSTON, MA 02110
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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

MANAGERS FUNDS LP

800 CONNECTICUT AVE
NORWALK, CT 06854

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

FRANKLIN TEMPLETON GROUP

3344 QUALITY DRIVE
RANCHO CORDOVA, CA 95670-7313

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

HARBOR CAPITAL ADVISORS

111 S WACKER DR
34TH FL
CHICAGO, IL 60606

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

PUTNAM INVESTMENTS

1 POST OFFICE SQUARE
BOSTON, MA 02109

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

T ROWE PRICE

100 EAST PRATT STREET
BALTIMORE, MD 21202

(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)

MERCER HR SERVICES, LLC

INVESTORS WAY
NORWOOD, MA 02062-1584

(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?
15 21 25 37 38 49 59 60 62 64 65 99	RECORDKEEPER/T RUSTEE	0	Yes ☒ No ☐	Yes ☐ No ☒	26110	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 ☐

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
MERCER HR SERVICES, LLC	15 38 59 60	1825
(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.
HARBOR CAPITAL ADVISORS 111 S WACKER DR 34TH FL CHICAGO, IL 60606	RECORDKEEPING PARTICIPANT COMMUNICATION SHAREHOLDER SERVICING FEES SUB-TRANSFER AGENCY FEES	
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MERCER HR SERVICES, LLC	15 38 59 60	1304
(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.
MORGAN STANLEY DEAN WITTER 1585 BROADWAY NEW YORK, NY 10020	RECORDKEEPING PARTICIPANT COMMUNICATION SHAREHOLDER SERVICING FEES SUB-TRANSFER AGENCY FEES	
<hr/>		
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MERCER HR SERVICES, LLC	15 21 25 37 38 49 59 64 65 99	17560
(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.
PUTNAM INVESTMENTS 1 POST OFFICE SQUARE BOSTON, MA 02109	VARIOUS ADMINISTRATIVE SERVICES	

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
MERCER HR SERVICES, LLC	15 38 59 60	2172
(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.
PACIFIC INVESTMENT MGMT CORP	840 NEWPORT CENTER DRIVE NEWPORT BEACH, CA 92660-6397	RECORDKEEPING PARTICIPANT COMMUNICATION SHAREHOLDER SERVICING FEES SUB-TRANSFER AGENCY FEES
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
MERCER HR SERVICES, LLC	15 38 59 60	1706
(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.
T ROWE PRICE	100 EAST PRATT STREET BALTIMORE, MD 21202	RECORDKEEPING PARTICIPANT COMMUNICATION SHAREHOLDER SERVICING FEES SUB-TRANSFER AGENCY FEES
(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
(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
(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
(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
(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
(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 D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan 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 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2011</div> This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning	01/01/2011	and ending	12/31/2011
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A Name of plan ARC MACHINES, INC. 401K SAVINGS PLAN	B Three-digit plan number (PN)	002
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C Plan or DFE sponsor's name as shown on line 2a of Form 5500 ARC MACHINES, INC.	D Employer Identification Number (EIN) 95-3010284
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Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE:	PUTNAM S & P 500 INDEX FUND
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b Name of sponsor of entity listed in (a):	PUTNAM FIDUCIARY TRUST COMPANY
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c EIN-PN	d Entity code	C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	935598
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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b Name of sponsor of entity listed in (a):	
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c EIN-PN	d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
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c EIN-PN	d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
--	--

b Name of sponsor of entity listed in (a):	
---	--

c EIN-PN	d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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a Name of MTIA, CCT, PSA, or 103-12 IE:	
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

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 <div style="font-size: 1.5em; font-weight: bold;">2011</div> 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>ARC MACHINES, INC. 401K SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<div style="border: 1px solid black; padding: 2px;">002</div>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ARC MACHINES, INC.</u>	D Employer Identification Number (EIN) <u>95-3010284</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	245106	319923
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)	333768	459090
	(9) Value of interest in common/collective trusts.....	1c(9)	1110380	935598
	(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)	8512802	8604934
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	10202056	10319545

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
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	10202056	10319545
---	-----------	----------	----------

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)	320009	
(B) Participants	2a(1)(B)	465669	
(C) Others (including rollovers)	2a(1)(C)	10220	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		795898
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	24051	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		24051
(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)	221340	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		221340
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		22828
(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)		-183172
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		880945

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	739389	
(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)		739389
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		24067
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		763456

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		117489
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ 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: BDO USA LLP

(2) EIN: 13-5381590

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		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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.			
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
		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>ARC MACHINES, INC. 401K SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>ARC MACHINES, INC.</u>	D Employer Identification Number (EIN) <u>95-3010284</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>20-2020334</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
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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
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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): _____

**Arc Machines, Inc.
401(k) Savings Plan**

**Financial Statements and
Supplemental Schedule**

As of December 31, 2011 and 2010 and
for the Year Ended December 31, 2011

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Arc Machines, Inc.
401(k) Savings Plan

Financial Statements and
Supplemental Schedule
As of December 31, 2011 and 2010 and
for the Year Ended December 31, 2011

**Arc Machines, Inc.
401(k) Savings Plan**

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Supplemental Schedule

Schedule H, Part IV, Line 4i – Schedule of Assets (Held at End of Year) – December 31, 2011	15
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Note: Schedules other than that listed above have been omitted because they are not applicable or are not required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.



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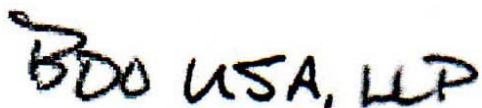
Independent Auditors' Report

The Plan Administrator
Arc Machines, Inc. 401(k) Savings Plan
Pacoima, California

We were engaged to audit the financial statements and supplemental schedule of the Arc Machines, Inc. 401(k) Savings Plan (the "Plan") as of December 31, 2011 and 2010 and for the year ended December 31, 2011, as listed in the accompanying contents. These financial statements and the supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by Mercer Trust Company (the "Custodian"), the custodian and the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the Custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the Custodian 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 Custodian is complete and accurate.

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



October 10, 2012

Financial Statements

**Arc Machines, Inc.
401(k) Savings Plan**

Statements of Net Assets Available for Plan Benefits

<i>December 31,</i>	2011	2010
Assets		
Investments, at fair value:		
Mutual funds	\$ 8,604,934	\$ 8,512,802
Common collective trust	935,598	1,110,380
Total investments	9,540,532	9,623,182
Receivables:		
Notes receivable from participants	459,090	333,768
Employer contributions receivable	319,923	245,106
Total receivables	779,013	578,874
Net assets available for Plan benefits	\$ 10,319,545	\$ 10,202,056

See accompanying independent auditors' report and notes to financial statements.

**Arc Machines, Inc.
401(k) Savings Plan**

Statement of Changes in Net Assets Available for Plan Benefits

<i>Year ended December 31,</i>	<i>2011</i>
Additions	
Income:	
Net depreciation in fair value of investments	\$ (160,344)
Dividend income	221,340
Total income	60,996
Contributions:	
Employer	320,009
Participants	465,669
Rollovers	10,220
Total contributions	795,898
Interest income from notes receivable from participants	24,051
Net additions	880,945
Deductions	
Benefits paid to participants and beneficiaries	763,456
Total deductions	763,456
Net Increase	117,489
Net assets available for Plan benefits	
Beginning of year	10,202,056
End of year	\$ 10,319,545

See accompanying independent auditors' report and notes to financial statements.

Arc Machines, Inc. 401(k) Savings Plan

Notes to Financial Statements

1. Description of Plan

Basis of Presentation

The Arc Machines, Inc. 401(k) Savings Plan (the "Plan") is a single-employer plan sponsored by Arc Machines, Inc. (the "Company"). The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution 401(k) plan available to qualifying employees of the Company. At December 31, 2011 and 2010, Mercer Trust Company (the "Custodian") was the Plan's trustee and custodian and Mercer HR Services, LLP was the Plan's record keeper and third party administrator. All contributions are held in accounts maintained by Putnam Investment Company. The Custodian distributes all Plan benefits. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is administered by certain members of the Company's Board of Directors and the Company's Director of Human Resources, who have the general authority and responsibility to control the operation and administration of the Plan.

Eligibility

All employees who have one month of service and are age 18 or older are eligible to participate in the Plan. Entry dates into the plan are on the first day of the month superseding the date of becoming eligible.

Participant Accounts

Each participant's account is credited with the participant's contribution, an allocation of the Company's discretionary contribution, if any, and an allocation of Plan earnings within the designated specified investment funds. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Contributions

Each year, participants may contribute up to 75 percent of eligible compensation, as defined in the Plan, up to the maximum allowed by law. The Plan allows participants age 50 years and over to make additional salary deferrals (referred to as employee catch-up contributions), subject to legal limits of \$5,500 in 2011. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers several mutual funds as investment options. The Company may make annual contributions at the option of the Company's Board of Directors. It is the Company's intention for the Plan to be a 401(k) safe harbor plan. Under the 401(k) safe harbor rules, a profit sharing contribution must be allocated to all eligible employees. Safe harbor profit sharing contribution must be 100% vested and may not be withdrawn for hardship prior to age 59.5. Total compensation must be used to determine the participants' allocations.

For 2011, the Company's discretionary contribution was computed at 3% of each eligible participant's annual compensation subject to certain limitations.

**Arc Machines, Inc.
401(k) Savings Plan**

Notes to Financial Statements

Vesting

Participants are immediately vested in their contributions and Company contributions, if any, plus actual earnings thereon.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Loan terms range from one to five years. The loans are secured by the balance in the participant's account and bear interest at the rate of prime plus 2% per annum. Principal and interest are paid ratably through weekly payroll deductions. At December 31, 2011 and 2010, participant loans mature on various dates through 2015 and bear interest at rates ranging from 5.25% to 10.25%.

Payment of Benefits

Within 90 days of termination of service, due to death, disability or retirement, a participant may elect to receive a lump-sum payment, an annuity, or installments over time. For termination of service due to other reasons, a participant may elect to receive a lump-sum distribution, transfer the vested balance to an individual retirement account or a qualified employer plan, or leave the vested balance in the Plan.

Hardship Withdrawal

A participant may be permitted to withdraw a portion or all of the balance of their individual account that is attributable to the participant's tax-deferred compensation (without earnings) for the reasons specified by and to the extent permitted under regulations issued by the Internal Revenue Service.

Administrative Expenses

Non-investment costs and administrative expenses of the Plan are paid by the Company which is a party-in-interest. These expenses constitute exempt party-in-interest transactions under ERISA. Most investment service fees are paid by the Plan and are offset against the related investment income.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

As described in the Plan Accounting—Defined Contribution Pension Plans topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification"), investment contracts held by a defined-contribution plan are required to be reported at fair value.

Arc Machines, Inc. 401(k) Savings Plan

Notes to Financial Statements

However, contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

The Plan invests in the Putnam Standard & Poor ("S&P") 500 Index Fund which constitutes individual funds similar to that of a mutual fund investment. The fair value for each fund may be directly observable in the publicly-traded market. The value of this index fund, otherwise known as the common collective trust, is indexed to the fair value of the individual funds and as such, no contract value exists. The Statement of Changes in Net Assets Available for Plan Benefits is prepared on the fair value basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could materially differ from those estimates.

Impact of Recently Issued Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* ("ASU 2011-04"). ASU 2011-04 amended ASC 820, *Fair Value Measurements and Disclosures*, to provide a consistent definition of fair value and improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. Some of the amendments clarify the application of existing fair value measurement and disclosure requirements, while other amendments change a particular principle or requirement for measuring fair value or disclosing information about fair value measurements. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Plan management is currently evaluating the effect that the provisions of ASU 2011-04 will have on the Plan's financial statements.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year end. Notes receivable from participants are valued at their outstanding loan balances, which approximate fair value. Shares of the common collective trust ("CCT") are valued at net unit value as determined by the trustee at year end. The fair value of such units held by the CCT is determined using the market price of the underlying securities.

Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded on the accrual basis.

**Arc Machines, Inc.
401(k) Savings Plan**

Notes to Financial Statements

Net Appreciation (Depreciation) in Fair Value of Investments

Realized and unrealized appreciation (depreciation) in the fair value of investments is based on the difference between the fair value of the assets at the beginning of the year, or at the time of purchase for assets purchased during the year, and the related fair value on the day investments are sold with respect to realized appreciation (depreciation), or on the last day of the year for unrealized appreciation (depreciation).

Realized and unrealized appreciation (depreciation) is recorded in the accompanying Statement of Changes in Net Assets Available for Plan Benefits as net appreciation in fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Risks and Uncertainties

The Plan provides for various investment options in mutual funds that invest in investment securities. Investment securities are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Plan Benefits and the Statement of Changes in Net Assets Available for Plan Benefits.

The Plan invests in securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than securities of comparable U.S. companies.

3. Information Prepared and Certified by Custodian

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Custodian, Mercer Trust Company, has certified that the following data included in the accompanying financial statements and supplemental schedule are complete and accurate.

<i>December 31,</i>	2011	2010
Mutual funds	\$ 8,604,934	\$ 8,512,802
Common collective trust	935,598	1,110,380
Notes receivable from participants	459,090	333,768

Arc Machines, Inc. 401(k) Savings Plan

Notes to Financial Statements

Year ended December 31,	2011
Net depreciation in fair value of investments	\$ (160,344)
Dividend income	221,340
Interest income from notes receivable from participants	24,051

The Plan's independent auditors did not perform auditing procedures with respect to this information, except for comparing such information to the related information included in the financial statements and the supplemental schedule.

4. Investments

The following presents investments at December 31, 2011 and 2010 that represent 5% or more of the Plan's net assets:

	2011	2010
Putnam Equity Income Fund	\$ 1,625,066	\$ 1,778,888
Putnam Money Market Fund	1,163,067	1,007,835
Putnam U.S. Government Income Trust Fund	1,026,030	993,203
Common Collective Trust	935,598	1,110,380
Pimco Total Return Fund	932,745	886,915
T. Rowe Price Growth Stock Fund Adviser Share	927,606	930,769
Neuberger & Berman Genesis Trust	758,998	664,070
Harbor International Fund Investor Class	639,643	-
Franklin Templeton Small Cap Growth Fund	581,461	715,432
Putnam International Equity Fund	-	745,017

Net depreciation in fair value of investments on the Statement of Changes in Net Assets Available for Benefits, consists of net depreciation in fair value of the mutual funds and net appreciation in fair value of the common collective trust in the amounts of \$183,172 and \$22,828, respectively.

5. Fair Value Measurements

ASC 820 *Fair Value Measurements and Disclosure* provides a 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 measurement) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active for financial instruments for which all the significant inputs are observable, either directly, or indirectly.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Arc Machines, Inc. 401(k) Savings Plan

Notes to Financial Statements

An asset's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Where quoted prices are available in an active market for identical instruments, investment securities are classified within level 1 of the valuation hierarchy. If quoted market prices are not available, then fair value are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In cases where there is limited activity or less transparency around inputs to the valuation, investment securities are classified within level 3 of the valuation hierarchy.

The following table set forth by level, within the fair value hierarchy, the Plan's investment assets measured at fair value as of December 31, 2011 and 2010:

<i>Investment Assets at Fair Value as of December 31, 2011</i>				
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large Cap Equity Funds	\$ 2,552,673	\$ -	\$ -	\$ 2,552,673
Bond Fund	1,958,775	-	-	1,958,775
Small Cap Equity Funds	1,347,389	-	-	1,347,389
Money Market Funds	1,163,066	-	-	1,163,066
International Funds	639,643	-	-	639,643
Real Estate Funds	367,214	-	-	367,214
Life Cycle Funds	302,511	-	-	302,511
Mid Cap Equity Funds	273,663	-	-	273,663
Common collective trust	-	935,598	-	935,598
Total investments at fair value	\$ 8,604,934	\$ 935,598	\$ -	\$ 9,540,532

<i>Investment Assets at Fair Value as of December 31, 2010</i>				
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Bond Funds	\$ 1,880,118	\$ -	\$ -	\$ 1,880,118
Large Cap Equity Funds	2,709,657	-	-	2,709,657
Mid Cap Equity Funds	274,505	-	-	274,505
Small Cap Equity Funds	1,379,502	-	-	1,379,502
International Funds	745,018	-	-	745,017
Life Cycle Funds	153,087	-	-	153,087
Real Estate Funds	363,080	-	-	363,081
Money Market Funds	1,007,835	-	-	1,007,835
Common collective trust	-	1,110,380	-	1,110,380
Total investments at fair value	\$ 8,512,802	\$ 1,110,380	\$ -	\$ 9,623,182

The Plan's investments that are measured at fair value on a recurring basis, such as money market funds, mutual funds, and equity securities are generally classified within level 1 of the fair value hierarchy. The fair values of these investments are based on quoted market prices in active markets. The Plan also invests in a common collective trust for which the valuation is based on the values of the underlying investments. Based on the nature of a common collective trust, this investment asset has been classified as level 2.

**Arc Machines, Inc.
401(k) Savings Plan**

Notes to Financial Statements

6. Related Party Transactions

Certain Plan investments during 2011 and 2010 are shares of mutual funds managed by the Custodian of the Plan's assets. Therefore, transactions in these mutual funds qualify as party-in-interest transactions. The current value of investments managed by the Custodian amounted to \$4,116,674 and \$4,678,030 as of December 31, 2011 and 2010, respectively.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan, subject to the provisions of ERISA. In the event of plan termination, all participants will remain 100% vested in their accounts.

8. Tax Exempt Status

The Plan obtained its latest determination letter on January 31, 2006, 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, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code and accordingly is exempt from income tax.

9. Subsequent Events

Management has evaluated all subsequent events through October 10, 2012, the date on which the financial statements were available to be issued and had determined that there were no subsequent events requiring additional disclosures.

Supplemental Schedule

Arc Machines, Inc. 401(k) Savings Plan

Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) December 31, 2011

Employee Identification Number: 95-3010284

Plan Number: 002

Form Number: 5500

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Date	(d) Cost	(e) Current Value
<i>Mutual Funds:</i>				
*	Putnam	Putnam Equity Income Fund	**	\$ 1,625,066
*	Putnam	Putnam Money Market Fund	**	1,163,066
*	Putnam	Putnam US Government Income Trust	**	1,026,030
	PIMCO	PIMCO Total Return Fund	**	932,745
	T. Rowe	T. Rowe Price Growth Stock Fund Adviser Share	**	927,606
	Neuberger & Berman	Neuberger & Berman Genesis Trust	**	758,998
	Harbor Funds	Harbor International Fund Investor Class	**	639,643
	Franklin Templeton	Franklin Templeton Small Cap Growth Fund	**	581,461
	Morgan Stanley	MSIF U.S. Real Estate Portfolio Class P	**	367,214
	Managers Funds	Managers Cadence Mid Cap Fund	**	273,663
*	Putnam	Putnam RetirementReady 2015 Fund	**	108,906
*	Putnam	Putnam RetirementReady 2020 Fund	**	48,235
*	Putnam	Putnam RetirementReady 2040 Fund	**	37,517
*	Putnam	Putnam RetirementReady 2025 Fund	**	34,834
*	Putnam	Putnam RetirementReady 2030 Fund	**	31,492
*	Putnam	Putnam RetirementReady 2035 Fund	**	28,002
*	Putnam	Putnam RetirementReady 2045 Fund	**	11,189
	Delaware Investments	Delaware Investments Small Cap Value Fund A	**	6,930
*	Putnam	Putnam RetirementReady 2050 Fund Class A	**	1,883
*	Putnam	Putnam RetirementReady 2055	**	454
<i>Total Mutual Funds:</i>			**	8,604,934
*	Common Collective Trust	Putnam S&P 500 Index Fund	**	935,598
*	Notes Receivable from participants	Interest rates from 5.25% to 10.25%, with maturity dates through 2016, collateralized by participant accounts		459,090
<i>Total Assets Held at End of Year:</i>				\$ 9,999,622

* Indicates parties-in-interest to the Plan as defined by ERISA.

** All investments are participant-directed; therefore, disclosure of cost is not required.

The above information was certified by the Custodian as being accurate and complete.

**Arc Machines, Inc.
401(k) Savings Plan**

**Financial Statements and
Supplemental Schedule**

As of December 31, 2011 and 2010 and
for the Year Ended December 31, 2011

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Arc Machines, Inc.
401(k) Savings Plan

Financial Statements and
Supplemental Schedule
As of December 31, 2011 and 2010 and
for the Year Ended December 31, 2011

**Arc Machines, Inc.
401(k) Savings Plan**

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Note: Schedules other than that listed above have been omitted because they are not applicable or are not required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.



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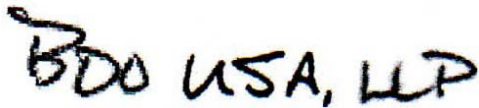
Independent Auditors' Report

The Plan Administrator
Arc Machines, Inc. 401(k) Savings Plan
Pacoima, California

We were engaged to audit the financial statements and supplemental schedule of the Arc Machines, Inc. 401(k) Savings Plan (the "Plan") as of December 31, 2011 and 2010 and for the year ended December 31, 2011, as listed in the accompanying contents. These financial statements and the supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by Mercer Trust Company (the "Custodian"), the custodian and the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the Custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certifications from the Custodian 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 Custodian is complete and accurate.

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

BDO USA, LLP

October 10, 2012

Financial Statements

**Arc Machines, Inc.
401(k) Savings Plan**

Statements of Net Assets Available for Plan Benefits

<i>December 31,</i>	2011	2010
Assets		
Investments, at fair value:		
Mutual funds	\$ 8,604,934	\$ 8,512,802
Common collective trust	935,598	1,110,380
Total investments	9,540,532	9,623,182
Receivables:		
Notes receivable from participants	459,090	333,768
Employer contributions receivable	319,923	245,106
Total receivables	779,013	578,874
Net assets available for Plan benefits	\$ 10,319,545	\$ 10,202,056

See accompanying independent auditors' report and notes to financial statements.

**Arc Machines, Inc.
401(k) Savings Plan**

Statement of Changes in Net Assets Available for Plan Benefits

<i>Year ended December 31,</i>	<i>2011</i>
Additions	
Income:	
Net depreciation in fair value of investments	\$ (160,344)
Dividend income	221,340
Total income	60,996
Contributions:	
Employer	320,009
Participants	465,669
Rollovers	10,220
Total contributions	795,898
Interest income from notes receivable from participants	24,051
Net additions	880,945
Deductions	
Benefits paid to participants and beneficiaries	763,456
Total deductions	763,456
Net Increase	117,489
Net assets available for Plan benefits	
Beginning of year	10,202,056
End of year	\$ 10,319,545

See accompanying independent auditors' report and notes to financial statements.

Arc Machines, Inc. 401(k) Savings Plan

Notes to Financial Statements

1. Description of Plan

Basis of Presentation

The Arc Machines, Inc. 401(k) Savings Plan (the "Plan") is a single-employer plan sponsored by Arc Machines, Inc. (the "Company"). The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution 401(k) plan available to qualifying employees of the Company. At December 31, 2011 and 2010, Mercer Trust Company (the "Custodian") was the Plan's trustee and custodian and Mercer HR Services, LLP was the Plan's record keeper and third party administrator. All contributions are held in accounts maintained by Putnam Investment Company. The Custodian distributes all Plan benefits. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is administered by certain members of the Company's Board of Directors and the Company's Director of Human Resources, who have the general authority and responsibility to control the operation and administration of the Plan.

Eligibility

All employees who have one month of service and are age 18 or older are eligible to participate in the Plan. Entry dates into the plan are on the first day of the month superseding the date of becoming eligible.

Participant Accounts

Each participant's account is credited with the participant's contribution, an allocation of the Company's discretionary contribution, if any, and an allocation of Plan earnings within the designated specified investment funds. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Contributions

Each year, participants may contribute up to 75 percent of eligible compensation, as defined in the Plan, up to the maximum allowed by law. The Plan allows participants age 50 years and over to make additional salary deferrals (referred to as employee catch-up contributions), subject to legal limits of \$5,500 in 2011. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers several mutual funds as investment options. The Company may make annual contributions at the option of the Company's Board of Directors. It is the Company's intention for the Plan to be a 401(k) safe harbor plan. Under the 401(k) safe harbor rules, a profit sharing contribution must be allocated to all eligible employees. Safe harbor profit sharing contribution must be 100% vested and may not be withdrawn for hardship prior to age 59.5. Total compensation must be used to determine the participants' allocations.

For 2011, the Company's discretionary contribution was computed at 3% of each eligible participant's annual compensation subject to certain limitations.

**Arc Machines, Inc.
401(k) Savings Plan**

Notes to Financial Statements

Vesting

Participants are immediately vested in their contributions and Company contributions, if any, plus actual earnings thereon.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. Loan terms range from one to five years. The loans are secured by the balance in the participant's account and bear interest at the rate of prime plus 2% per annum. Principal and interest are paid ratably through weekly payroll deductions. At December 31, 2011 and 2010, participant loans mature on various dates through 2015 and bear interest at rates ranging from 5.25% to 10.25%.

Payment of Benefits

Within 90 days of termination of service, due to death, disability or retirement, a participant may elect to receive a lump-sum payment, an annuity, or installments over time. For termination of service due to other reasons, a participant may elect to receive a lump-sum distribution, transfer the vested balance to an individual retirement account or a qualified employer plan, or leave the vested balance in the Plan.

Hardship Withdrawal

A participant may be permitted to withdraw a portion or all of the balance of their individual account that is attributable to the participant's tax-deferred compensation (without earnings) for the reasons specified by and to the extent permitted under regulations issued by the Internal Revenue Service.

Administrative Expenses

Non-investment costs and administrative expenses of the Plan are paid by the Company which is a party-in-interest. These expenses constitute exempt party-in-interest transactions under ERISA. Most investment service fees are paid by the Plan and are offset against the related investment income.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

As described in the Plan Accounting—Defined Contribution Pension Plans topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification"), investment contracts held by a defined-contribution plan are required to be reported at fair value.

Arc Machines, Inc. 401(k) Savings Plan

Notes to Financial Statements

However, contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

The Plan invests in the Putnam Standard & Poor ("S&P") 500 Index Fund which constitutes individual funds similar to that of a mutual fund investment. The fair value for each fund may be directly observable in the publicly-traded market. The value of this index fund, otherwise known as the common collective trust, is indexed to the fair value of the individual funds and as such, no contract value exists. The Statement of Changes in Net Assets Available for Plan Benefits is prepared on the fair value basis.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could materially differ from those estimates.

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Purchases and sales of securities are recorded on a trade-date basis. Interest and dividend income is recorded on the accrual basis.

**Arc Machines, Inc.
401(k) Savings Plan**

Notes to Financial Statements

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Realized and unrealized appreciation (depreciation) is recorded in the accompanying Statement of Changes in Net Assets Available for Plan Benefits as net appreciation in fair value of investments.

Payment of Benefits

Benefits are recorded when paid.

Risks and Uncertainties

The Plan provides for various investment options in mutual funds that invest in investment securities. Investment securities are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Plan Benefits and the Statement of Changes in Net Assets Available for Plan Benefits.

The Plan invests in securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than securities of comparable U.S. companies.

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Putnam Money Market Fund	1,163,067	1,007,835
Putnam U.S. Government Income Trust Fund	1,026,030	993,203
Common Collective Trust	935,598	1,110,380
Pimco Total Return Fund	932,745	886,915
T. Rowe Price Growth Stock Fund Adviser Share	927,606	930,769
Neuberger & Berman Genesis Trust	758,998	664,070
Harbor International Fund Investor Class	639,643	-
Franklin Templeton Small Cap Growth Fund	581,461	715,432
Putnam International Equity Fund	-	745,017

Net depreciation in fair value of investments on the Statement of Changes in Net Assets Available for Benefits, consists of net depreciation in fair value of the mutual funds and net appreciation in fair value of the common collective trust in the amounts of \$183,172 and \$22,828, respectively.

5. Fair Value Measurements

ASC 820 *Fair Value Measurements and Disclosure* provides a 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 measurement) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not considered to be active for financial instruments for which all the significant inputs are observable, either directly, or indirectly.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Arc Machines, Inc. 401(k) Savings Plan

Notes to Financial Statements

An asset's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Where quoted prices are available in an active market for identical instruments, investment securities are classified within level 1 of the valuation hierarchy. If quoted market prices are not available, then fair value are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. In cases where there is limited activity or less transparency around inputs to the valuation, investment securities are classified within level 3 of the valuation hierarchy.

The following table set forth by level, within the fair value hierarchy, the Plan's investment assets measured at fair value as of December 31, 2011 and 2010:

	<i>Investment Assets at Fair Value as of December 31, 2011</i>			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Large Cap Equity Funds	\$ 2,552,673	\$ -	\$ -	\$ 2,552,673
Bond Fund	1,958,775	-	-	1,958,775
Small Cap Equity Funds	1,347,389	-	-	1,347,389
Money Market Funds	1,163,066	-	-	1,163,066
International Funds	639,643	-	-	639,643
Real Estate Funds	367,214	-	-	367,214
Life Cycle Funds	302,511	-	-	302,511
Mid Cap Equity Funds	273,663	-	-	273,663
Common collective trust	-	935,598	-	935,598
Total investments at fair value	\$ 8,604,934	\$ 935,598	\$ -	\$ 9,540,532

	<i>Investment Assets at Fair Value as of December 31, 2010</i>			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Bond Funds	\$ 1,880,118	\$ -	\$ -	\$ 1,880,118
Large Cap Equity Funds	2,709,657	-	-	2,709,657
Mid Cap Equity Funds	274,505	-	-	274,505
Small Cap Equity Funds	1,379,502	-	-	1,379,502
International Funds	745,018	-	-	745,017
Life Cycle Funds	153,087	-	-	153,087
Real Estate Funds	363,080	-	-	363,081
Money Market Funds	1,007,835	-	-	1,007,835
Common collective trust	-	1,110,380	-	1,110,380
Total investments at fair value	\$ 8,512,802	\$ 1,110,380	\$ -	\$ 9,623,182

The Plan's investments that are measured at fair value on a recurring basis, such as money market funds, mutual funds, and equity securities are generally classified within level 1 of the fair value hierarchy. The fair values of these investments are based on quoted market prices in active markets. The Plan also invests in a common collective trust for which the valuation is based on the values of the underlying investments. Based on the nature of a common collective trust, this investment asset has been classified as level 2.

**Arc Machines, Inc.
401(k) Savings Plan**

Notes to Financial Statements

6. Related Party Transactions

Certain Plan investments during 2011 and 2010 are shares of mutual funds managed by the Custodian of the Plan's assets. Therefore, transactions in these mutual funds qualify as party-in-interest transactions. The current value of investments managed by the Custodian amounted to \$4,116,674 and \$4,678,030 as of December 31, 2011 and 2010, respectively.

7. Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan, subject to the provisions of ERISA. In the event of plan termination, all participants will remain 100% vested in their accounts.

8. Tax Exempt Status

The Plan obtained its latest determination letter on January 31, 2006, 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, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code and accordingly is exempt from income tax.

9. Subsequent Events

Management has evaluated all subsequent events through October 10, 2012, the date on which the financial statements were available to be issued and had determined that there were no subsequent events requiring additional disclosures.

Supplemental Schedule

Arc Machines, Inc. 401(k) Savings Plan

Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) December 31, 2011

Employee Identification Number: 95-3010284

Plan Number: 002

Form Number: 5500

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Date	(d) Cost	(e) Current Value
<i>Mutual Funds:</i>				
*	Putnam	Putnam Equity Income Fund	**	\$ 1,625,066
*	Putnam	Putnam Money Market Fund	**	1,163,066
*	Putnam	Putnam US Government Income Trust	**	1,026,030
	PIMCO	PIMCO Total Return Fund	**	932,745
	T. Rowe	T. Rowe Price Growth Stock Fund Adviser Share	**	927,606
	Neuberger & Berman	Neuberger & Berman Genesis Trust	**	758,998
	Harbor Funds	Harbor International Fund Investor Class	**	639,643
	Franklin Templeton	Franklin Templeton Small Cap Growth Fund	**	581,461
	Morgan Stanley	MSIF U.S. Real Estate Portfolio Class P	**	367,214
	Managers Funds	Managers Cadence Mid Cap Fund	**	273,663
*	Putnam	Putnam RetirementReady 2015 Fund	**	108,906
*	Putnam	Putnam RetirementReady 2020 Fund	**	48,235
*	Putnam	Putnam RetirementReady 2040 Fund	**	37,517
*	Putnam	Putnam RetirementReady 2025 Fund	**	34,834
*	Putnam	Putnam RetirementReady 2030 Fund	**	31,492
*	Putnam	Putnam RetirementReady 2035 Fund	**	28,002
*	Putnam	Putnam RetirementReady 2045 Fund	**	11,189
	Delaware Investments	Delaware Investments Small Cap Value Fund A	**	6,930
*	Putnam	Putnam RetirementReady 2050 Fund Class A	**	1,883
*	Putnam	Putnam RetirementReady 2055	**	454
<i>Total Mutual Funds:</i>			**	8,604,934
*	Common Collective Trust	Putnam S&P 500 Index Fund	**	935,598
*	Notes Receivable from participants	Interest rates from 5.25% to 10.25%, with maturity dates through 2016, collateralized by participant accounts		459,090
Total Assets Held at End of Year:				\$ 9,999,622

* Indicates parties-in-interest to the Plan as defined by ERISA.

** All investments are participant-directed; therefore, disclosure of cost is not required.

The above information was certified by the Custodian as being accurate and complete.

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name PlanName1
Plan Sponsor's Name ARC MACHINES, INC.

EIN: 95-3010284
PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	DELAWARE INVESTMENTS SMALL	MUTUAL FUND		6,930
	HARBOR INTERNATIONAL FUND	MUTUAL FUND		639,643
	NEUBERGER & BERMAN GENESIS	MUTUAL FUND		758,998
	MSIF U.S. REAL ESTATE	MUTUAL FUND		367,214
	MANAGERS CADENCE MID CAP FUND	MUTUAL FUND		273,664
	PIMCO TOTAL RETURN FUND	MUTUAL FUND		932,745
	T. ROWE PRICE GROWTH STOCK	MUTUAL FUND		927,606

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name ARC MACHINES, INC. 401K SAVINGS PLAN

EIN: 95-3010284

Plan Sponsor's Name ARC MACHINES, INC.

PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	PUTNAM RETIREMENTREADY 2055	MUTUAL FUND		452
	PUTNAM RETIREMENTREADY 2015	MUTUAL FUND		108,907
	PUTNAM RETIREMENTREADY 2020	MUTUAL FUND		48,235
	PUTNAM RETIREMENTREADY 2025	MUTUAL FUND		34,834
	PUTNAM RETIREMENTREADY 2030	MUTUAL FUND		31,492
	PUTNAM RETIREMENTREADY 2035	MUTUAL FUND		28,002
	PUTNAM RETIREMENTREADY 2040	MUTUAL FUND		37,517

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name ARC MACHINES, INC. 401K SAVINGS PLAN

EIN: 95-3010284

Plan Sponsor's Name ARC MACHINES, INC.

PN: 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	PUTNAM RETIREMENTREADY 2045	MUTUAL FUND		11,189
	PUTNAM RETIREMENTREADY 2050	MUTUAL FUND		1,883
	FRANKLIN TEMPLETON SMALL CAP	MUTUAL FUND		581,461
	PUTNAM S & P 500 INDEX FD	COMMON/COLLECTIVE TRUST		935,598
	LOAN FUND	PARTICIPANT LOANS		459,090
	PUTNAM MONEY MARKET FUND	MUTUAL FUND		1,163,066
	PUTNAM EQUITY INCOME FUND	MUTUAL FUND		1,625,066

[illegible]