

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;">2012</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</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>PRECISION AEROSPACE CORPORATION 401(K) RETIREMENT 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>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>11/01/1984</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>11/01/1984</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>11/01/1984</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>PRECISION AEROSPACE CORPORATION</u> <u>704 CROFTON ST SE</u> <u>GRAND RAPIDS, MI 49507-1821</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>38-1817912</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>616-243-8112</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>336410</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>38-1817912</u>	2c Sponsor's telephone number <u>616-243-8112</u>	2d Business code (see instructions) <u>336410</u>	
2b Employer Identification Number (EIN) <u>38-1817912</u>					
2c Sponsor's telephone number <u>616-243-8112</u>					
2d Business code (see instructions) <u>336410</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. Signature of plan administrator	09/30/2013 Date	JOAN LAPLOW Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	09/30/2013 Date	JOAN LAPLOW Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 177
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	174
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	12
d Subtotal. Add lines 6a , 6b , and 6c	6d	186
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	186
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	162
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	15
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2S 2T 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>1</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE A (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Insurance 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. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 <hr/> 2012 <hr/> This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>PRECISION AEROSPACE CORPORATION 401(K) RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PRECISION AEROSPACE CORPORATION</u>	D Employer Identification Number (EIN) <u>38-1817912</u>	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier

PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
<u>42-0127290</u>	<u>61271</u>	<u>806756</u>	<u>186</u>	<u>01/01/2012</u>	<u>12/31/2012</u>

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
<u>3298</u>	<u>387</u>

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

VANSTRIEN, JEFFREY D.
2851 CHARLEVOIX DR SE
STE 110
GRAND RAPIDS, MI 49546-7089

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
<u>3298</u>	<u>387</u>	<u>REFERRAL/SERVICE FEE AND PRORATED INCENTIVE, NOT DEDUCTED FROM PLAN</u>	<u>3</u>

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	0
5 Current value of plan's interest under this contract in separate accounts at year end	5	247171

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☐ other ▶

b Balance at the end of the previous year	7b	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	
d Total of balance and additions (add lines 7b and 7c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	
f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

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
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan PRECISION AEROSPACE CORPORATION 401(K) RETIREMENT PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PRECISION AEROSPACE CORPORATION	D Employer Identification Number (EIN) 38-1817912

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 PRINCIPAL LIFE INSURANCE COMPANY 42-0127290

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

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

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(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?
13 37 50 64	CONTRACT ADMINISTRATOR	3040	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

WILSHIRE ASSOCIATES INCORPORATED

95-2755361

(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?
27 72	INVESTMENT ADVISOR	0	Yes ☒ No ☐	Yes ☐ No ☒	0	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
WILSHIRE ASSOCIATES INCORPORATED	27 72	0
(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.	
PRINCIPAL LIFE INSURANCE COMPANY 42-0127290	2 BASIS POINTS ANNUALLY ON TOTAL ASSETS UP TO \$10 BILLION, AND 1 BASIS POINT FOR ASSETS GREATER THAN \$10 BILLION IN WILSHIRE'S 3(21) INVESTMENT FIDUCIARY SERVICE.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

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
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(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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>PRECISION AEROSPACE CORPORATION 401(K) RETIREMENT PLAN</u>	B Three-digit plan number (PN) ► <u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>PRECISION AEROSPACE CORPORATION</u>	D Employer Identification Number (EIN) <u>38-1817912</u>

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: <u>PRINCIPAL STABLE VALUE FUND</u>			
b Name of sponsor of entity listed in (a): <u>UNION BOND & TRUST COMPANY</u>			
c EIN-PN <u>93-6274328-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>165291</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN INTL SMALLCAP SEP ACCT-R4</u>			
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>			
c EIN-PN <u>42-0127290-014</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>15286</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN BOND AND MORTGAGE SA-R4</u>			
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>			
c EIN-PN <u>42-0127290-005</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>20731</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN DIVERSIFIED INTL SA-R4</u>			
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>			
c EIN-PN <u>42-0127290-015</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>10163</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LGCAP S&P 500 INDEX SA-R4</u>			
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>			
c EIN-PN <u>42-0127290-016</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>35653</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN SMCAP S&P 600 INDEX SA-R4</u>			
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>			
c EIN-PN <u>42-0127290-028</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>4730</u>	
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN MIDCAP S&P 400 IDX SA-R4</u>			
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>			
c EIN-PN <u>42-0127290-023</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>12364</u>	

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LARGE CAP GROWTH I SA-R4		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-066	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 28298
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN PREF SECS SEP ACCT-R4		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-087	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 86827
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN REAL ESTATE SECS SA-R4		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-095	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 17146
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2010 FD R4		
b Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY		
c EIN-PN 26-6447574-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 808
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2015 FD R4		
b Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY		
c EIN-PN 26-6447574-002	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 63190
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2020 FD R4		
b Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY		
c EIN-PN 26-6447574-003	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 164032
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2025 FD R4		
b Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY		
c EIN-PN 26-6447574-004	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 640650
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2030 FD R4		
b Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY		
c EIN-PN 26-6447574-005	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 220753
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2035 FD R4		
b Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY		
c EIN-PN 26-6447574-006	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 316164
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2040 FD R4		
b Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY		
c EIN-PN 26-6447574-007	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 184474

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2045 FD R4**b** Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY

c EIN-PN 26-6447574-008	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 154130
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2050 FD R4**b** Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY

c EIN-PN 26-6447574-009	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 121729
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST TGT 2055 FD R4**b** Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY

c EIN-PN 26-6447574-010	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11773
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN TRUST INCOME FUND R4**b** Name of sponsor of entity listed in (a): PRINCIPAL TRUST COMPANY

c EIN-PN 26-6447574-011	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 5100
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN INCOME SEP ACCT-R4**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-118	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 4751
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN EQUITY INCOME SA-R4**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-120	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 11222
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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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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
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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="border: 1px solid black; padding: 5px; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan PRECISION AEROSPACE CORPORATION 401(K) RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 PRECISION AEROSPACE CORPORATION	D Employer Identification Number (EIN) 38-1817912	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(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)	37760	111421
(9) Value of interest in common/collective trusts.....	1c(9)	1805621	2048094
(10) Value of interest in pooled separate accounts.....	1c(10)	185371	247171
(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)	115705	124905
(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	2144457	2531591

Liabilities

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

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	2144457	2531591
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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)	0	
(B) Participants	2a(1)(B)	231230	
(C) Others (including rollovers)	2a(1)(C)	25286	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		256516
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	2200	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		2200
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1224	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1224
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		232220
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		24709
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		15659
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		532528

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	142354	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		142354
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions).....	2g		0
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	3040	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		3040
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		145394

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		387134
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

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

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

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

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

(1) Name: **STEENSMA NOVOTNY PLC**

(2) EIN: **38-3185476**

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	0
4b		X	0

	Yes	No	Amount
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	0
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	0
e Was this plan covered by a fidelity bond?.....	X		300000
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.			

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)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

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 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>PRECISION AEROSPACE CORPORATION 401(K) RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PRECISION AEROSPACE CORPORATION</u>	D Employer Identification Number (EIN) <u>38-1817912</u>

Part I	Distributions
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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>42-0127290</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)
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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.
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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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**Precision Aerospace Corporation
401(k) Retirement Plan**

**Financial Statements with
Supplemental Schedule**

December 31, 2012 and 2011

Precision Aerospace Corporation 401(k) Retirement Plan

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Precision Aerospace Corporation 401(k) Retirement Plan

Report on the Financial Statements

We were engaged to audit the financial statements of Precision Aerospace Corporation 401(k) Retirement Plan, which comprise the statements of net assets available for benefits as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note C, which was certified by Principal Life Insurance Company and Fifth Third Institutional Services, the custodians of the plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that Principal Life Insurance Company held the plan's investment assets and executed investment transactions for the year ended December 31, 2012 and for the period of April 18, 2011 to December 31, 2011, and that Fifth Third Institutional Services held the plan's investment assets and executed transactions for the period January 1, 2011 to April 17, 2011. The plan administrator has obtained a certification from the custodians as of and for the years ended December 31, 2012 and 2011, that the information provided to the plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

We were engaged for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Schedule of Assets (Held at End of Year), which are the responsibility of plan management, are presented for the purpose of additional analysis and are not a required part of the financial statements but are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to and we do not express an opinion on the supplemental schedule referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Muskegon, Michigan
September 13, 2013

Precision Aerospace Corporation 401(k) Retirement Plan

Statements of Net Assets Available for Benefits

December 31

ASSETS	2012	2011
Investments at fair value	\$ 2,420,170	\$ 2,106,697
Notes receivable from participants	111,421	37,760
NET ASSETS REFLECTING INVESTMENTS AT FAIR VALUE	2,531,591	2,144,457
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(3,796)	(3,988)
NET ASSETS AVAILABLE FOR BENEFITS	\$ 2,527,795	\$ 2,140,469

See Notes to Financial Statements

Precision Aerospace Corporation 401(k) Retirement Plan

Statements of Changes in Net Assets Available for Benefits

Year ended December 31

	2012	2011
Additions to net assets attributed to:		
Investment income		
Net appreciation (depreciation) in fair value of investments	\$ 272,780	\$ (28,018)
Interest and dividends	1,224	11,162
Interest on notes receivable from participants	2,200	499
Total investment income (loss)	276,204	(16,357)
Contributions		
Participant	231,230	225,014
Rollover	25,286	4,899
Total contributions	256,516	229,913
Total additions to net assets	532,720	213,556
Deductions from net assets attributed to:		
Benefits paid to participants	142,354	567,144
Administrative expenses	3,040	15,875
Total deductions from net assets	145,394	583,019
Net increase (decrease) in net assets available for benefits	387,326	(369,463)
Net assets available for benefits at beginning of year	2,140,469	2,509,932
Net assets available for benefits at end of year	\$ 2,527,795	\$ 2,140,469

See Notes to Financial Statements

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements

December 31, 2012 and 2011

Note A - Plan Description

The following description of the Precision Aerospace Corporation 401(k) Retirement Plan (the “plan”) provides only general information. Participants should refer to the plan agreement for a more complete description of the plan’s provisions.

General

The plan is a voluntary contribution plan covering substantially all non-excludable employees of Precision Aerospace Corporation (the “company”) who are age eighteen or older. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute up to 100% of pretax annual compensation, as defined in the plan, up to the maximum amount permitted by the Internal Revenue Code. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the plan. The plan currently offers twenty-nine investment options. The company may make a discretionary match or profit sharing contribution to the plan.

Participant Accounts

Each participant’s account is credited with the participant’s contribution and an allocation of (a) the company’s matching contribution, (b) plan earnings, and charged with an allocation of administrative expenses, as applicable. Allocations are based on participant contributions and earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

Death and Disability

A participant (beneficiary) is entitled to 100% of his or her account balance upon death or disability.

Vesting

Participants are immediately vested in their contributions and any employer matching contributions plus actual earnings thereon. Vesting in the company’s profit sharing contribution portion of their accounts plus actual earnings thereon, is based on years of continuous service. A participant is 100% vested after three years of credited service.

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 vested account balance. The notes are secured by the balance in the participant’s account and bear interest at rates which are commensurate with local prevailing rates as determined by the plan administrator. Principal and interest are paid ratably through payroll deductions.

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements - Continued

December 31, 2012 and 2011

Note A - Plan Description (continued)

Payment of Benefits

On termination of service due to death, disability, retirement or other reasons, a participant may receive a lump-sum amount equal to the value of the participant's vested interest in his or her account.

Forfeited Accounts

Forfeited nonvested accounts totaled \$17,478 and \$15,597 at December 31, 2012 and 2011. These accounts will be used to pay administrative expenses or employer contributions.

Note B - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of the plan are prepared under the accrual method of accounting.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contributions 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 Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contract from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the plan administrator to make estimates and assumptions that may affect the reported amounts of assets and liabilities and changes therein, as well as disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements - Continued

December 31, 2012 and 2011

Note B - Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are held with Principal Life Insurance Company, the plan's custodian, in registered investment companies, common/collective trusts, and pooled separate accounts (PSA). Several plans participate in a PSA with each plan's share of the PSA determined on a per unit basis. The plan's equity account provides a cumulative record of the number of participation units credited to the accounts and the number of units allocated or withdrawn from the account. The balance of participation units credited to the accounts multiplied by the current participation-unit value equals the amount of equity account assets held on behalf of the policyholder at any given time. The participation-unit value is adjusted daily to reflect investment results under the separate account. Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date based on quoted market prices. See Note D for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized returns include the plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant notes are reclassified as distributions based upon the terms of the plan document.

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

All investment and administrative expenses of maintaining the plan are paid by the plan.

Subsequent Events

The plan has evaluated subsequent events through the auditors' report date which is the date the financial statements were available to be issued.

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements - Continued

December 31, 2012 and 2011

Note C - Investments (unaudited)

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator instructed the plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Principal Life Insurance Company and Fifth Third Institutional Services, the custodians of the plan, as complete and accurate, except for comparing such information certified by the trustee with information included in the plan's financial statements and supplemental schedules:

Investments and related income held and certified by Principal:

	2012	2011
Investments, at fair value		
Registered investment companies	\$ 124,905	\$ 115,706
Pooled separate accounts	247,171	185,371
Common/Collective Trust		
Fair value	2,048,094	1,805,620
Adjustment from fair value to contract value	(3,796)	(3,988)
Contract value	\$ 2,044,298	\$ 1,801,632
Notes receivable from participants	\$ 111,421	\$ 37,760
Net appreciation (depreciation) in fair value of investments	272,780	(143,626)
Interest and dividends	1,224	3,084
Interest on notes receivable from participants	2,200	499

Investments and related income held and certified by Fifth Third:

	2012	2011
Investments, at fair value		
Registered investment companies	\$ -	\$ -
Net appreciation in fair value of investments		
registered investment companies		115,608
Interest and dividends		8,078

During 2012 and 2011, the plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value by \$272,780 and \$(28,018) as follows:

	Year Ended December 31, 2012	Year Ended December 31, 2011
Registered investment companies	\$ 15,659	\$ 96,472
Pooled separate accounts	24,709	(7,694)
Common/collective trusts	232,412	(116,796)
Net change in fair value	\$ 272,780	\$ (28,018)

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements - Continued

December 31, 2012 and 2011

Note C - Investments (unaudited) (continued)

Pooled separate accounts are comprised of units in funds that are not publicly traded. The underlying assets in these funds are publicly traded on exchanges, and price quotes for the assets held by these funds are readily available. There are no restrictions relative to contributions or redemptions for any of the pooled separate accounts included.

The following presents investments at December 31, 2012 and 2011 that represent 5% or more of the plan's net assets:

	2012	2011
Common/Collective Trusts:		
Principal Trust Target 2020 Fund (10,562 and 12,300 shares)	\$ 164,032	\$ 169,776
Principal Trust Target 2025 Fund (40,041 and 41,330 shares)	640,650	584,682
Principal Trust Target 2030 Fund (13,652 and 12,150 shares)	220,753	172,835
Principal Trust Target 2035 Fund (19,686 and 19,848 shares)	316,164	278,916
Principal Trust Target 2040 Fund (11,415 and 9,180 shares)	184,474	129,213
Principal Trust Target 2045 Fund (9,444 and 8,031 shares)	154,130	113,818
Principal Stable Value Fund (8,753 and 9,415 shares)	161,495 *	171,514 *

* This amount represents contract value for this investment

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements - Continued

December 31, 2012 and 2011

Note D - Fair Value Measurements

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

- Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are inputs that are significant to the measurement that are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk).

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

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

Registered Investment Companies:	Valued at the net asset value (NAV) of shares held by the plan at year end.
Pooled Separate Accounts	Valued at the current participation-unit value of units held by the plan at year end. The unit value is valued at the net asset value (NAV) of underlying variable portfolio fund shares held by the portfolio at year end.
Common/ Collective Trusts:	Valued at the net asset value (NAV) of the underlying investments of the trust.

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements - Continued

December 31, 2012 and 2011

Note D - Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of December 31, 2012 and 2011:

Description	Total	Assets at Fair Value as of December 31, 2012		
		Level 1	Level 2	Level 3
Registered investment companies				
Value funds	\$ 35,861	\$ 35,861	\$ -	\$ -
Growth funds	89,044	89,044	-	-
Total registered investment companies	124,905	124,905	-	-
Pooled separate accounts				
Value funds	15,286	-	15,286	-
Growth funds	45,393	-	45,393	-
Balanced funds	170,519	-	170,519	-
Fixed income funds	15,973	-	15,973	-
Total pooled separate accounts	247,171	-	247,171	-
Common/collective trust	2,048,094	-	2,048,094	-
Total assets at fair value	\$ 2,420,170	\$ 124,905	\$ 2,295,265	\$ -

Description	Total	Assets at Fair Value as of December 31, 2011		
		Level 1	Level 2	Level 3
Registered investment companies				
Value funds	\$ 33,220	\$ 33,220	\$ -	\$ -
Growth funds	82,486	82,486	-	-
Total registered investment companies	115,706	115,706	-	-
Pooled separate accounts				
Value funds	12,991	-	12,991	-
Growth funds	38,089	-	38,089	-
Balanced funds	116,151	-	116,151	-
Fixed income funds	18,140	-	18,140	-
Total pooled separate accounts	185,371	-	185,371	-
Common/collective trust	1,805,620	-	1,805,620	-
Total assets at fair value	\$ 2,106,697	\$ 115,706	\$ 1,990,991	\$ -

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements - Continued

December 31, 2012 and 2011

Note E - Investment Contracts with Insurance Company

The plan holds benefit-responsive common/collective trusts through Principal Stable Value Signature Fund (Principal). Principal maintains the contributions in a general account. The account is credited with contributions and earnings on the underlying investments and is charged for participant withdrawals and administrative expenses. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the plan.

As described in Note B, because the guaranteed investment contract is fully benefit-responsive, contract value is the relevant measurement attributable for that portion of the net assets available for benefits attributable to the common/collective trust. Contract value, as reported to the plan by Principal; represent contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of the investment at contract value.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The fair value of the common/collective trust investment contract held by Principal as of December 31, 2012 and 2011 was \$161,495 and \$171,514. The crediting interest rate is based on a formula agreed upon by the issuer. Such interest rates are reviewed on a periodic basis for resetting.

Certain events limit the ability of the plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the plan sponsor or other plan sponsor events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption under ERISA. The plan administrator does not believe that any events which would limit the plan's ability to transact at contract value with participants are probable of occurring.

The common/collective trust investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

<u>Average Yields</u>	<u>2012</u>	<u>2011</u>
Based on actual earnings	1.28%	1.54%
Based on interest rate credited to participants	1.27%	1.54%

Note F - Party-In-Interest Transactions

Parties-in-interest are defined under DOL regulations as any fiduciary of the plan, any party rendering service to the plan, the employer and certain others. Certain plan investments are units of pooled separate accounts, and common/collective trusts managed by Principal. Principal is the custodian as defined by the plan and therefore, these transactions qualify as party-in-interest transactions.

Precision Aerospace Corporation 401(k) Retirement Plan

Notes to Financial Statements - Continued

December 31, 2012 and 2011

Note G - Plan Amendment and Termination

The plan agreement may be amended or terminated by the company at any time. No such termination is contemplated, but if it should occur, participants will become 100% vested in their accounts. No portion of the assets of the plan shall revert to or accrue to the benefit of the company.

Note H - Tax Status of Plan

The plan, as adopted, is a prototype plan of Principal Life Insurance Company, which received a favorable opinion letter dated March 31, 2008 from the Internal Revenue Service (IRS) that the prototype plan, as designed, qualifies for federal income tax-exempt status. The plan has not applied for its own determination letter. The prototype plan has been amended since this date; however 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. Accordingly, no provision for income taxes has been included in the plan's financial statements.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by applicable taxing authorities. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

Note I - Risks and Uncertainties

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

Note J - Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of plan earnings from the financial statements for the year ended December 31, 2012 to Schedule H of Form 5500:

	2012
Net increase in net assets per the financial statements	\$ 387,326
Change in adjustment from fair value to contract value for fully benefit-responsive investment contracts	(192)
Net income per Form 5500	\$ 387,134

SUPPLEMENTAL SCHEDULE

Precision Aerospace Corporation 401(k) Retirement Plan

Schedule H – Line 4i – Schedule of Assets (Held at End of Year)

EIN 38-2497470, Plan 001

December 31, 2012

(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
Registered Investment Companies:				
	American Funds	American Funds EuroPacific Growth Fund	**	\$ 48,559
	American Century	American Century MidCap Value Fund	**	12,770
	Columbia	Columbia Mid Cap Growth Fund	**	14,024
	Fidelity Investments	Fidelity Advantage Dividend Growth Fund	**	11,703
	Heartland Funds	Heartland Value Plus Fund	**	23,091
	Lord Abbett	Lord Abbett Developed Growth Fund	**	14,758
Total Registered Investment Companies				\$ 124,905
<u>Pooled Separate Accounts</u>				
*	Principal Life Insurance Company	Principal Bond and Mortgage Separate Account	**	\$ 20,732
*	Principal Life Insurance Company	Principal Diversified International Separate Account	**	10,163
*	Principal Life Insurance Company	Principal Equity Income Separate Account	**	11,222
*	Principal Life Insurance Company	Principal Income Separate Account	**	4,751
*	Principal Life Insurance Company	Principal International SmallCap Separate Account	**	15,286
*	Principal Life Insurance Company	Principal LargeCap Growth Separate Account	**	28,298
*	Principal Life Insurance Company	Principal LargeCap S & P 500 Index Separate Account	**	35,653
*	Principal Life Insurance Company	Principal MidCap S & P 400 Index Separate Account	**	12,364
*	Principal Life Insurance Company	Principal Preferred Sector Separate Account	**	86,826
*	Principal Life Insurance Company	Principal Real Estate Sector Separate Account	**	17,146
*	Principal Life Insurance Company	Principal SmallCap S & P 600 Index Separate Account	**	4,730
Total Pooled Separate Accounts				\$ 247,171
<u>Common/Collective Trusts:</u>				
*	Principal Life Insurance Company	Principal Trust Income Fund	**	\$ 5,100
*	Principal Life Insurance Company	Principal Trust Target 2010 Fund	**	808
*	Principal Life Insurance Company	Principal Trust Target 2015 Fund	**	63,190

* Known to be a party-in-interest to the plan.

** Cost omitted for participant directed investments.

Precision Aerospace Corporation 401(k) Retirement Plan
Schedule H – Line 4i – Schedule of Assets (Held at End of Year) - Continued
EIN 38-2497470, Plan 001
December 31, 2012

(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
<u>Common/Collective Trusts - Continued</u>				
*	Principal Life Insurance Company	Principal Trust Target 2020 Fund	**	\$ 164,032
*	Principal Life Insurance Company	Principal Trust Target 2025 Fund	**	640,650
*	Principal Life Insurance Company	Principal Trust Target 2030 Fund	**	220,753
*	Principal Life Insurance Company	Principal Trust Target 2035 Fund	**	316,164
*	Principal Life Insurance Company	Principal Trust Target 2040 Fund	**	184,474
*	Principal Life Insurance Company	Principal Trust Target 2045 Fund	**	154,130
*	Principal Life Insurance Company	Principal Trust Target 2050 Fund	**	121,729
*	Principal Life Insurance Company	Principal Trust Target 2055 Fund	**	11,773
*	Principal Life Insurance Company	Principal Stable Value Fund	**	165,291
Total Common/Collective Trusts				\$ 2,048,094
<u>Participant Notes Receivable</u>				
	Participant Loans	Participant loans maturing through September 2017 with interest of 4.25%	0	\$ 111,421
				\$ 2,531,591

* Known to be a party-in-interest to the plan.

** Cost omitted for participant directed investments.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

PRECISION AEROSPACE CORPORATION 401(K) RETIRE

EIN 38 1817912
 PLAN NUMBER 001
 PLAN YEAR 01/01/2012 TO 12/31/2012

(A)	(B) Identity of issuer, 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
	American Funds Service Company	Registered Investment Company Am Fds EuroPacific Grth R3 Fd	\$ 0.00	\$ 48,558.83
	American Century Investments	Registered Investment Company American Cent MdCp Val A Fd	\$ 0.00	\$ 12,770.47
	Columbia Funds	Registered Investment Company Columbia Mid Cap Growth A Fund	\$ 0.00	\$ 14,023.87
	Fidelity Investments	Registered Investment Company Fidelity Adv Div Grth T Fund	\$ 0.00	\$ 11,702.75
	Heartland Funds	Registered Investment Company Heartland Value Plus Fund	\$ 0.00	\$ 23,090.57
	Lord Abbett	Registered Investment Company Lord Abbett Dev Growth R3 Fund	\$ 0.00	\$ 14,758.28
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Bond and Mortgage SA-R4	\$ 0.00	\$ 20,730.83
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Diversified Intl SA-R4	\$ 0.00	\$ 10,162.64
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Equity Income SA-R4	\$ 0.00	\$ 11,221.86
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Income Sep Acct-R4	\$ 0.00	\$ 4,751.45
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Intl SmallCap Sep Acct-R4	\$ 0.00	\$ 15,285.76
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LargeCap Growth I SA-R4	\$ 0.00	\$ 28,298.40
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LgCap S&P 500 Index SA-R4	\$ 0.00	\$ 35,652.98
*	Principal Life Insurance Company	Pooled Separate Accounts Prin MidCap S&P 400 Idx SA-R4	\$ 0.00	\$ 12,364.32
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Pref Secs Sep Acct-R4	\$ 0.00	\$ 86,826.53

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

PRECISION AEROSPACE CORPORATION 401(K) RETIRE

EIN 38 1817912
PLAN NUMBER 001
PLAN YEAR 01/01/2012 TO 12/31/2012

(A)	(B) Identity of issuer, 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
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Real Estate Secs SA-R4	\$ 0.00	\$ 17,145.57
*	Principal Life Insurance Company	Pooled Separate Accounts Prin SmCap S&P 600 Index SA-R4	\$ 0.00	\$ 4,730.22
*	Principal Trust Company	Common/Collective Trust Prin Trust Income Fund R4	\$ 0.00	\$ 5,100.19
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2010 Fd R4	\$ 0.00	\$ 808.26
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2015 Fd R4	\$ 0.00	\$ 63,189.76
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2020 Fd R4	\$ 0.00	\$ 164,031.56
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2025 Fd R4	\$ 0.00	\$ 640,649.87
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2030 Fd R4	\$ 0.00	\$ 220,753.39
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2035 Fd R4	\$ 0.00	\$ 316,163.91
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2040 Fd R4	\$ 0.00	\$ 184,473.94
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2045 Fd R4	\$ 0.00	\$ 154,130.23
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2050 Fd R4	\$ 0.00	\$ 121,729.20
*	Principal Trust Company	Common/Collective Trust Prin Trust Tgt 2055 Fd R4	\$ 0.00	\$ 11,773.07
*	Union Bond & Trust Company	Common/Collective Trust Principal Stable Value Fund	\$ 0.00	\$ 165,291.00
	Participant Loans	Range of Interest Rates Rates Range From 4.25% To 4.25%	\$ 0.00	\$ 111,421.00