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).

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

OMB Nos. 1210-0110
1210-0089

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 11/01/2012 and ending 10/31/2013

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

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] 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
DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 11/01/1994

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

DESCO INDUSTRIES, INC.

3651 WALNUT AVENUE
CHINO, CA 91710-2940

2b Employer Identification Number (EIN) 95-3368148

2c Sponsor's telephone number 909-627-8178

2d Business code (see instructions) 335900

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.	05/30/2014	SANDRA STAUP
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	05/30/2014	SANDRA STAUP
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

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

DESCO INDUSTRIES, INC.

3651 WALNUT AVENUE
CHINO, CA 91710-2940

3b Administrator's EIN
95-3368148

3c Administrator's telephone number
909-627-8178

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**	222
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**	182
b	Retired or separated participants receiving benefits	**6b**	1
c	Other retired or separated participants entitled to future benefits	**6c**	40
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	223
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	223
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	212
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	3
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:
2I 2O

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)	☐	**A** (Insurance Information)
(4)	☐	**C** (Service Provider Information)
(5)	☐	**D** (DFE/Participating Plan Information)
(6)	☐	**G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

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

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

OMB No. 1210-0110

2012

This Form is Open to Public Inspection

For calendar plan year 2012 or fiscal plan year beginning 11/01/2012 and ending 10/31/2013

A Name of plan
DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
DESCO INDUSTRIES, INC.

D Employer Identification Number (EIN)
95-3368148

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	76626	38113
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	1083576	1260000
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	300	1283
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	27191	2881
(2) U.S. Government securities	1c(2)		230001
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		215793
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	1386446	2594130
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	518178	
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		135957

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	7070868	8343720
(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	10163185	12821878
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	1403	4047
k Total liabilities (add all amounts in lines 1g through1j)	1k	1403	4047
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	10161782	12817831

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)	1260000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1260000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	3	
(B) U.S. Government securities	2b(1)(B)	6773	
(C) Corporate debt instruments	2b(1)(C)	3765	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	959	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		11500
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	30873	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	4996	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		35869
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	5773472	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	5654434	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		119038
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	1631054	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		1631054

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		763
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		3058224
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	402175	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		402175
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: **(1)** Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		402175
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		2656049
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: KHO & PATEL **(2)** EIN: 33-0381007

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:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			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.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m			
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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

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

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

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.

For calendar plan year 2012 or fiscal plan year beginning 11/01/2012 and ending 10/31/2013

A Name of plan
DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
DESCO INDUSTRIES, INC.

D Employer Identification Number (EIN)
95-3368148

Part I Distributions

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

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

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

EIN(s): 91-1788791

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

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

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

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

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

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

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

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) **6a**

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

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

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

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

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

Part III Amendments

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

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

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

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

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

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

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

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

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

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete 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):

Desco Industries, Inc.
Employee Stock Ownership Plan

Audited Financial Statements
October 31, 2013 and 2012
Supplementary Information
October 31, 2013

Desco Industries, Inc.
Employee Stock Ownership Plan

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INDEPENDENT AUDITOR'S REPORT

To the Participants and Administrator of the
Desco Industries, Inc. Employee Stock Ownership Plan

Report on the Financial Statements

We have audited the accompanying financial statement of Desco Industries, Inc. Employee Stock Ownership Plan, which comprise the statements of net assets available for benefits as of October 31, 2013 and 2012, 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

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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether die to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. And audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Desco Industries, Inc. Employee Stock Ownership Plan as of October 31, 2013 and 2012, and the changes in its net assets available for benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule of assets held for investment purposes at end of year and schedule of reportable transactions – single transactions by issue, hereafter referred to as "supplemental information" are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulation for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respect in relation to the financial statements taken as a whole.

KHO & PATEL

Kho & Patel

San Dimas, California
May 20, 2014

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
October 31, 2013 and 2012

ASSETS

	(All Allocated) 2013	2012
Investments, at fair value		
Cash equivalents	$ 2,881	$ 27,191
Government and agency obligations	230,001	-
Corporate obligations	215,793	-
Common stocks	2,594,130	1,386,446
Mutual funds	-	518,178
Other bonds	135,957	-
Desco Industries, Inc. common stock	8,343,720	7,070,868
Total investments	11,522,482	9,002,683
Receivables		
Employer contribution receivable	1,260,000	1,083,576
Other receivable	1,283	300
Total receivables	1,261,283	1,083,876
Cash	38,113	76,626
Total assets	12,821,878	10,163,185

LIABILITIES

Withheld state taxes payable	4,047	1,403
Total liabilities	4,047	1,403
Net assets available for benefits	$ 12,817,831	$ 10,161,782

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED October 31, 2013

Investment income		
Net appreciation in fair value of investments	$	1,750,008
Interest		11,500
Dividends		35,869
Other		847
Total investment earnings		1,798,224
Contributions:		
Employer		1,260,000
Total additions to net assets		3,058,224
Benefits paid to participants		402,175
Net increase		2,656,049
Net assets available for benefits		
Beginning of year		10,161,782
End of year	$	12,817,831

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
NOTES TO FINANCIAL STATEMENTS
October 31, 2013 and 2012

Note A – Description of the Plan

The following brief description of the Desco Industries, Inc. (the Company) Employee Stock Ownership Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

General

The Company established the Plan effective November 1, 1994. The Plan is designed to comply with Sections 401(a) and 4975(e)(7) and the regulations there under of the Internal Revenue Code of 1986, as amended (Code) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The Plan is administered by person(s) appointed by the Company's Board of Directors. Wayne D. Hunter and John J. Brake, Jr. are the Plan's co-trustees pursuant to a successor trust agreement.

Contributions

Each year, the Company determines the amount to be contributed to the Plan. Contributions are discretionary and can be made out of current or accumulated net income of the Company, subject to certain limitations of Section 404 of the Internal Revenue Service Code of 1986, as amended. It is the intention of the Board of Directors that the Company's annual contribution be sufficient to fund the payment of distributions due to the terminated Plan participants. Participant contributions are not permitted under the Plan. Contributions to the Plan for the year ended October 31, 2013 were $1,260,000.

Eligibility and Participation

All employees of the Company, other than those covered by a collective bargaining agreement, are generally eligible to participate in the Plan, upon attaining age 20 ½ and completing at least 6 months of service.

Participants Accounts

Each participant's account is credited with an allocation of (a) the Company's contributions, (b) Plan earnings (including Company common stock appreciation), and (c) forfeitures of terminated participants' non-vested accounts. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. All investments are non-participant directed.

Note A – Description of the Plan (continued)

Payment of Benefits

On termination of service due to death, disability, retirement, or other reasons, a participant shall receive the value of the vested interest in his or her account as a single lump-sum distribution or in substantially equal annual installments over a period generally not to exceed five years. The distribution will commence no later than the allocation date (October 31) of the Plan year following the Plan year in which the participant's death, disability or retirement occurs. If the participant terminates employment with the Company for any other reason, the distribution will commence no later than the allocation date of the sixth Plan year following the Plan year in which the termination of employment occurs.

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution.

Vesting

Vesting in the Company's discretionary profit sharing contributions plus earnings thereon is based on years of service according to the following schedule:

Years of Service	Vesting %
Less than 2	0%
2	20%
3	40%
4	60%
5	80%
6	100%

Participants also become 100% vested if they obtain the age of 65 while in the employ of the Company, are disabled or die.

Note A – Description of the Plan (concluded)

Forfeitures

The unvested portion of a terminated participant's account will be forfeited and reallocated among participants eligible to share in the reallocation during the plan year. The reallocation of forfeitures occurs upon the earlier of the distribution of a participant's vested benefits or a two year break in service. Total forfeitures of $13,248 were reallocated during the year ended October 31, 2013. Vested but undistributed account balances of terminated participants totaled $164,366 and $397,207 as of October 31, 2013 and 2012 respectively.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

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. See Note E for discussion of fair value measurements.

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

Payment of Benefits

Benefits are generally recorded when paid. At October 31, 2013, the Plan had accrued for the withholding of income taxes on certain distributions that occurred during the year.

Note B – Summary of Significant Accounting Policies (concluded)

Plan Fees and Administrative Expenses

Plan fees and administrative expenses are paid by the Company.

Subsequent Events

The Plan has evaluated subsequent events through the date of the independent auditors' report, the date the financial statements were available to be issued.

Note C – Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated October 29, 2002, that the Plan and related Trust are designed in accordance with the applicable requirements of the Internal Revenue Code (IRC). The Plan was amended and restated effective November 1, 2008 to include the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 and Pension Protection Act of 2006. The plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, 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 if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS) or the California State Franchise Tax Board.

The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of October 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing authorities. During 2011, the Plan was audited by the IRS and there were no findings or changes as a result of the audit.

Note D – Investment in Common Stock

The Plan's investment in Company common stock at October 31 is as follows:

	2013	2012
Number of shares	25,200	25,200
Cost	$4,725,000	$4,725,000
Fair Market Value	$8,343,720	$7,070,868

All 25,200 shares of common stock are considered allocated at a total fair market value of $8,343,720.

During the Plan year ended October 31, 2013, the Plan's investments in Company common stock appreciated in value by $1,272,852.

Note E – Fair Value Measurements

The Financial Accounting Standards Board (FASB) ASC 820 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 lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

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

Level 2 Inputs to the valuation methodology include:

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

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

Note E – Fair Value Measurements (continued)

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at October 31, 2013 and 2012.

Investment in company common stock: The Plan's investment in company common stock is valued at fair value based upon an independent appraisal. The appraisal was based upon a combination of valuation techniques consistent with the prior year. The appraiser took into account historical and projected revenue, cash flow, net income and earnings before income taxes, depreciation and amortization (EBITDA).

Mutual funds: These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

Common stocks, corporate obligations, other bonds and government and agency obligations: These investments are public investment vehicles valued daily at the closing price reported on an active market using observable inputs. The closing price of these securities provided by the custodian is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

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

Note E – Fair Value Measurements (continued)

The following fair value hierarchy table presents information about the Plan's Investments measured at fair value on a recurring basis as of October 31, 2013 and 2012:

Description	Total	Level 1	Level 2	Level 3
October 31, 2013				
Cash equivalents	$ 2,881	$ 2,881	$ -	$ -
U.S. government securities	230,001	230,001	-	-
Corporate obligations	215,793	215,793	-	-
Common stocks	10,937,850	2,594,130	-	8,343,720
Other bonds	135,957	135,957	-	-
Total	$11,522,482	$3,178,762	$ -	$8,343,720

Description	Total	Level 1	Level 2	Level 3
October 31, 2012				
Cash equivalents	$ 27,191	$ 27,191	$ -	$ -
Common stocks	8,457,314	1,386,446	-	7,070,868
Mutual funds:				
Corporate bond funds	224,414	224,414	-	-
Governmental bonds funds	220,304	220,304	-	-
Small cap stock funds	73,461	73,461	-	-
Total	$ 9,002,684	$1,931,816	$ -	$7,070,868

There were no transfers between Levels 1, 2 and 3 during the year ended October 31, 2013.

Note E – Fair Value Measurements (concluded)

The following table sets forth a summary of changes in the fair value of the Plan's level 3 asset for the year ended October 31, 2013.

DESCO INDUSTRIES, INC. COMMON STOCK

Balance, beginning of year	$ 7,070,868
Unrealized appreciation	1,272,852
Balance, end of year	$ 8,343,720

Note F – Investments

The following table presents individual investments that represent 5% or more of the Plan's net assets as of October 31, 2013 and 2012:

Description of Investment	2013
Desco Industries, Inc. common stock	$ 8,343,720
	2012
Desco Industries, Inc. common stock	$ 7,070,868

During the year ended October 31, 2013, the Plan's investments (including investments bought, sold and held during the year) appreciated (depreciated) in value by $1,750,008 as follows:

Description of Asset	
Desco Industries, Inc. common stock	$ 1,272,852
Government and agency obligations	(8,491)
Corporate obligations	(3,914)
Common stocks	491,764
Mutual funds	(83)
Other bonds	(2,120)
	$ 1,750,008

Note G – Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate or amend the Plan at any time, subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Note H – Party-In-Interest Transactions

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan. The Plan invests in the common stock of the Plan Sponsor. The Company paid certain administrative expenses of the Plan, including recordkeeping and audit fees. Certain Plan investments are managed by City National Bank, a custodian of Plan assets. These transactions qualify as party in interest transactions for which a statutory exemption exists.

Note I – Risks and Uncertainties

The Plan invests in equity securities including the common stock of the Plan Sponsor. Equity securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investments in equity securities, it is at least reasonably possible that changes in the value of the equity securities will occur in the near term and that such changes could materially affect participants' balances and the amounts reported in the statements of net assets available for benefit.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
PLAN EIN 95-3368148
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
OCTOBER 31, 2013

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
Cash Equivalents				
	Goldman Sachs Financial Square Treasury Fund #506	2,881.36 shares	$ 2,881	$ 2,881
	Total cash equivalents		$ 2,881	$ 2,881
Government & Agency Obligations				
	FHLMC	20,000, 1.000%, 09/29/17	$ 20,054	$ 19,933
	FHLMC	20,000, 1.250%, 05/12/17	20,347	20,254
	FHLMC	20,000, 4.500%, 01/15/15	21,606	21,029
	FHLMC	35,000, 4.875%, 06/13/18	42,023	40,489
	FNMA	10,000, 1.875%, 09/18/18	10,112	10,164
	FNMA	20,000, 2.375%, 07/28/15	20,970	20,714
	FNMA	25,000, 4.875%, 12/15/16	28,941	28,208
	FNMA	25,000, 5.000%, 03/15/16	28,417	27,649
	FNMA MTN	20,000, 4.375%, 10/15/15	22,082	21,563
	FNMA V/R	20,000, 0.187%, 08/12/16	19,994	19,999
	Total government & agency obligations		$ 234,544	$ 230,001

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
PLAN EIN 95-3368148
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
OCTOBER 31, 2013

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
Corporate Obligations				
	Caterpillar FINL	20,000, 1.625%, 06/01/17	$ 20,288	$ 20,176
	Citigroup Inc	20,000, 5.850%, 08/02/16	22,848	22,336
	Daimler Chrysler Nor	20,000, 6.500%, 11/15/13	20,888	20,034
	General Elec Cap Cor	20,000, 2.950%, 05/09/16	21,169	20,972
	Goldman Sachs MTN	20,000, 5.125%, 01/15/15	21,469	21,012
	JPMorgan Chase & Co	20,000, 6.000%, 01/15/18	23,770	23,132
	Merrill Lynch & Co	20,000, 6.400%, 08/28/17	23,534	23,241
	Morgan Stanley NT	20,000, 5.375%, 10/15/15	21,861	21,581
	Occidental Pete Corp	20,000, 1.750%, 02/15/17	20,230	20,287
	Wachovia Corp NT	20,000, 5.750%, 06/15/17	23,538	23,022
	Total corporate obligations		$ 219,595	$ 215,793
Common Stocks				
	ACE Limited Com	310 shares	$ 27,061	$ 29,586

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
PLAN EIN 95-3368148
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
OCTOBER 31, 2013

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
	AFFIL MGRS Group Inc Com	155 shares	24,010	30,603
	Allergan Inc Com	465 shares	45,387	42,134
	American Express Co Com	555 shares	34,062	45,399
	American Water Works Co Inc New Com	900 shares	34,282	38,583
	Apple Inc Com	270 shares	116,650	141,130
	Cameron International Corp Com	555 shares	33,260	30,447
	Casey's Gen Stores Inc Com	395 shares	23,022	28,788
	Celgene Corp Com	425 shares	38,955	63,108
	Chicago Bridge & Iron NV N Y SHS Com	669 shares	32,140	49,566
	Ciena Corp Com	2,015 shares	34,533	46,889
	Cisco Systems Inc Com	1,350 shares	34,665	30,456
	Cit Group Inc	730 shares	35,602	35,157
	Citigroup Inc Com	827 shares	32,180	40,341
	Comcast Corp New CL A	835 shares	27,740	39,746
	Comerica Inc Com	1,040 shares	42,431	45,032

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
PLAN EIN 95-3368148
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
OCTOBER 31, 2013

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
	Conagra Foods Inc Com	1,040 shares	34,691	33,082
	Continental Resources Inc Com	440 shares	37,917	50,116
	Costco Wholesale Corp New Com	280 shares	26,305	33,040
	Cummins Engine Inc Com	345 shares	41,388	43,822
	CVS/Caremark Corp Com	770 shares	36,224	47,940
	Directv Com	680 shares	34,069	42,493
	Ebay Inc Com	675 shares	34,991	35,579
	EMC Corp Mass Com	1,761 shares	43,421	42,389
	Exxon Mobil Corp Com	435 shares	38,033	38,985
	Facebook Inc Com	735 shares	19,441	36,901
	Gilead Sciences Inc Com	1,180 shares	43,675	83,987
	Goldman Sachs Group Inc Com	270 shares	43,808	43,432
	Google Inc CL A	63 shares	41,296	64,927
	Hertz Global Holdings Inc Com	1,465 shares	36,400	33,636
	Hexcel Corp Com	1,020 shares	38,729	43,156

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
PLAN EIN 95-3368148
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
OCTOBER 31, 2013

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
	Home Depot Inc Com	650 shares	40,448	50,629
	International Paper Co Com	670 shares	29,847	29,889
	Intuitive Surgical Inc Com	95 shares	37,506	35,293
	JPMorgan Chase & Co Com New	635 shares	30,377	32,728
	Lowes Cos Inc Com	780 shares	36,623	38,828
	M & T Bank Corp Com	375 shares	42,528	42,199
	Magna International Inc	420 shares	24,114	35,574
	Mastercard Inc CL A Com	77 shares	36,899	55,217
	Mylan Inc	955 shares	23,857	36,161
	National Oilwell Varco Inc Com	690 shares	51,842	56,014
	Occidental Petroleum Corp Com	390 shares	33,121	37,471
	Polaris Inds Inc Com	365 shares	36,298	47,797
	Prudential Financial Inc Com	730 shares	42,693	59,415
	Pulte Group Inc	2,300 shares	40,139	40,595
	Qualcomm Inc Com	540 shares	32,194	37,525

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
PLAN EIN 95-3368148
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
OCTOBER 31, 2013

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
	Quanta Services Inc SBI	1,445 shares	38,934	43,653
	Schlumberger LTD N A ADR	640 shares	51,379	59,981
	Starbucks Corp Com	505 shares	26,419	40,930
	State Street Corp Com	760 shares	45,747	53,253
	Thermo Fisher Corp Com	450 shares	29,691	44,001
	Union Pacific Corp Com	230 shares	34,123	34,822
	United Technologies Corp Com	395 shares	34,194	41,969
	Unitedhealth Group Inc	525 shares	31,208	35,837
	Verisk Analytics IN CL A Com	615 shares	38,519	42,140
	Verizon Communications Com	680 shares	27,338	34,347
	Wabtec Corp Com	620 shares	27,475	40,418
	Wells Fargo & Co New Com	831 shares	28,506	35,475
	Whitewave Foods CO CL A W/I Com	2,075 shares	37,301	41,521
	Total common stocks		$ 2,155,687	$ 2,594,130

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
PLAN EIN 95-3368148
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
OCTOBER 31, 2013

(a)	(b)	(c)	(d)	(e)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value	Cost	Current Value
	Other Bonds			
	Florida ST Hurricane	20,000, 2.107%, 07/01/18	$ 20,109	$ 19,674
	Maryland ST	10,000, 4.000%, 08/15/16	10,962	10,979
	NATL Australia Bank	20,000, 2.750%, 03/09/17	21,062	20,885
	NATL Bank Of Canada	20,000, 1.500%, 06/26/15	20,302	20,271
	Ontario Province	20,000, 1.600%, 09/21/16	20,592	20,451
	So Calif Ppa Rev	20,000, 6.930%, 05/15/17	24,602	23,492
	Total Capital INTL	20,000,1.550%, 06/28/17	20,448	20,205
	Total other bonds		$ 138,076	$ 135,957
	Party-In-Interest Common Stock			
*	Desco Industries, Inc.	25,200 shares	$ 4,725,000	$ 8,343,720
	Total party-in-interest common stock		$ 4,725,000	$ 8,343,720
	Total investments		$ 7,475,784	$ 11,522,482

* A party-in-interest as defined by ERISA

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

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
PLAN EIN 95-3368148
SCHEDULE 2 - SCHEDULE OF REPORTABLE TRANSACTIONS - SINGLE TRANSACTIONS BY ISSUE
FOR THE YEAR ENDED OCTOBER 31, 2013

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Identity of party involved	Description of asset	Purchase price	Selling price	Lease rental	Expense incurred with transaction	Cost of Asset	Current value of asset on transaction date	Net gain or (loss)
CNI Charter Corp	Bond	$ 0	$ 221,745	N/A	N/A	$ 224,414	$ 221,745	$ (2,669)
CNI Charter Corp	Bond	0	156,943	N/A	N/A	162,089	156,943	(5,146)
CNB Insured Money Market	Short Term Investment	1,083,576	0	N/A	N/A	1,083,576	1,083,576	N/A
CNB Insured Money Market	Short Term Investment	0	1,083,576	N/A	N/A	1,083,576	1,083,576	N/A
Goldman Sachs Financial Srvs	Treasury Fund	1,083,576	0	N/A	N/A	1,083,576	1,083,576	N/A
Goldman Sachs Financial Srvs	Treasury Fund	0	777,061	N/A	N/A	777,061	777,061	N/A
Goldman Sachs Financial Srvs	Treasury Fund	222,317	0	N/A	N/A	222,317	222,317	N/A
Goldman Sachs Financial Srvs	Treasury Fund	0	470,047	N/A	N/A	470,047	470,047	N/A
Goldman Sachs Financial Srvs	Treasury Fund	97,556	0	N/A	N/A	97,556	97,556	N/A
Goldman Sachs Financial Srvs	Treasury Fund	0	124,710	N/A	N/A	124,710	124,710	N/A
Goldman Sachs Financial Srvs	Treasury Fund	222,601	0	N/A	N/A	222,601	222,601	N/A
Goldman Sachs Financial Srvs	Treasury Fund	0	285,000	N/A	N/A	285,000	285,000	N/A
Goldman Sachs Financial Srvs	Treasury Fund	219,976	0	N/A	N/A	219,976	219,976	N/A
Goldman Sachs Financial Srvs	Treasury Fund	0	210,284	N/A	N/A	210,284	210,284	N/A
Goldman Sachs Financial Srvs	Treasury Fund	144,292	0	N/A	N/A	144,292	144,292	N/A
Goldman Sachs Financial Srvs	Treasury Fund	0	165,828	N/A	N/A	165,828	165,828	N/A
		$ 3,073,894	$ 3,495,194			$ 6,576,903	$ 6,569,088	$ (7,815)

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

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Desco Industries, Inc. Employee Stock Ownership Plan **EIN:** 95-3368148
Plan Sponsor's Name Desco Industries, Inc. **PN:** 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
*	Desco Industries, Inc.	25,200 shares of common stock	4,725,000	8,343,720
	Goldman Sachs Finl Sqr Treas #506	2881 shares	2,881	2,881
	FHLMC	20,000, 1.000%, 9/29/17	20,054	19,933
	FHLMC	20,000, 1.250%, 5/12/17	20,347	20,254
	FHLMC	20,000, 4.500%, 1/15/15	21,606	21,029
	FHLMC	35,000, 4.875%, 6/13/18	42,023	40,489
	FNMA	10,000, 1.875%, 9/18/18	10,112	10,164

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	FNMA	20,000, 2.375%, 7/28/15	20,970	20,714
	FNMA	25,000, 4.875%, 12/15/16	28,941	28,208
	FNMA	25,000, 5.000%, 3/15/16	28,417	27,649
	FNMA MTN	20,000, 4.375%, 10/15/15	22,082	21,563
	FNMA V/R	20,000, 0.187%, 8/12/16	19,994	19,999
	Caterpillar FINL	20,000, 1.625%, 6/1/17	20,288	20,176
	Citigroup Inc.	20,000, 5.850%, 8/2/16	22,848	22,336

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	Daimler Chrysler Nor	20,000, 6.500%, 11/15/13	20,888	20,034
	General Elec Cap Cor	20,000, 2.950%, 5/9/16	21,169	20,972
	Goldman Sachs MTN	20,000, 5.125%, 1/15/15	21,469	21,012
	JPMorgan Chase & Co.	20,000, 6.000%, 1/15/18	23,770	23,132
	Merrill Lynch & Co.	20,000, 6.400%, 8/28/17	23,534	23,241
	Morgan Stanley NT	20,000, 5.375%, 10/15/15	21,861	21,581
	Occidental Pete Corp	20,000, 1.750%, 2/15/17	20,230	20,287

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	Wachovia Corp NT	20,000, 5.750%, 6/15/17	23,538	23,022
	ACE Limited Com	310 shares	27,061	29,586
	AFFIL MGRS Group Inc Com	155 shares	24,010	30,603
	Allergan Inc Com	465 shares	45,387	42,134
	American Express Co Com	555 shares	34,062	45,399
	American Water Works Co Inc New Com	900 shares	34,282	38,583
	Apple Inc Com	270 shares	116,650	141,130

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	Cameron International Corp Com	555 shares	33,260	30,447
	Casey's Gen Stores Inc. Com	395 shares	23,022	28,788
	Celgene Corp Com	425 shares	38,955	63,108
	Chicago Bridge & Iron NV N Y SHS Co	669 shares	32,140	49,566
	Ciena Corp Com	2015 shares	34,533	46,889
	Cisco Systems Inc Com	1350 shares	34,665	30,456
	Cit Group Inc	730 shares	35,602	35,157

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	Comcast Corp New CL A	835 shares	27,740	39,746
	Comerica Inc Com	1040 shares	42,431	45,032
	Conagra Foods Inc Com	1040 shares	34,691	33,082
	Continental Resources Inc Com	440 shares	37,917	50,116
	Costco Wholesale Corp New Com	280 shares	26,305	33,040
	Cummins Engine Inc Com	345 shares	41,388	43,822
	CVS/Caremark Corp Com	770 shares	36,224	47,940

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	Directtv Com	680 shares	34,069	42,493
	Ebay Inc Com	675 shares	34,991	35,579
	EMC Corp Mass Com	1761 shares	43,421	42,389
	Exxon Mobil Corp Com	435 shares	38,033	38,985
	Facebook Inc Com	735 shares	19,441	36,901
	Gilead Sciences Inc Com	1180 shares	43,675	83,987
	Goldman Sachs Group Inc Com	270 shares	43,808	43,432

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	Google Inc CL A	63 shares	41,296	64,927
	Hertz Global Holdings Inc Com	1465 shares	36,400	33,636
	Hexcel Corp Com	1020 shares	38,729	43,156
	Home Depot Inc Com	650 shares	40,448	50,629
	International Paper Co Com	670 shares	29,847	29,889
	Intuitive Surgical Inc Com	95 shares	37,506	35,293
	JPMorgan Cahse & Co Com New	635 shares	30,377	32,728

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	Lowes Cos Inc Com	780 shares	36,623	38,828
	M & T Bank Corp Com	375 shares	42,528	42,199
	Magna International Inc	420 shares	24,114	35,574
	Mastercard Inc CL A Com	77 shares	36,899	55,217
	Mylan Inc	955 shares	23,857	36,161
	National Oilwell Varco Inc Com	690 shares	51,842	56,014
	Occidental Petroleum Corp Com	390 shares	33,121	37,471

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	Polaris Inds Inc Com	365 shares	36,298	47,797
	Prudential Financial Inc Com	730 shares	42,693	59,415
	Pulte Group Inc	2300 shares	40,139	40,595
	Qualcomm Inc Com	540 shares	32,194	37,525
	Quanta Services Inc SBI	1445 shares	38,934	43,653
	Schlumberger LTD N A ADR	640 shares	51,379	59,981
	Starbucks Corp Com	505 shares	26,419	40,930

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	State Street Corp Com	760 shares	45,747	53,253
	Thermo Fisher Corp Com	450 shares	29,691	44,001
	Union Pacific Corp Com	230 shares	34,123	34,822
	United Technologies Corp Com	395 shares	34,194	41,969
	Unitedhealth Group Inc	525 shares	31,208	35,837
	Verisk Analytics IN CL A Com	615 shares	38,519	42,140
	Verizon Communications Com	680 shares	27,338	34,347

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	Wabtec Corp Com	620 shares	27,475	40,418
	Wells Fargo & Co New Com	831 shares	28,506	35,475
	Whitewave Foods CO CL A W/I Com	2075 shares	37,301	41,521
	Florida ST Hurricane	20,000, 2.107%, 7/1/18	20,109	19,674
	Maryland ST	10,000, 4.000%, 8/15/16	10,962	10,979
	NATL Australia Bank	20,000, 2.750%, 3/9/17	21,062	20,885
	NATL Bank of Canada	20,000, 1.500%, 6/26/15	20,302	20,271

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	Ontario Province	20,000, 1.600%, 9/21/16	20,592	20,451
	So Calif Ppa Rev	20,000, 6.930%, 5/15/17	24,602	23,492
	Total Capital INTL	20,000, 1.550%, 6/28/17	20,448	20,205
	Citigroup Inc Com	827 shares	32,180	40,341