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

2014

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2014 or fiscal plan year beginning 11/01/2014 and ending 10/31/2015

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions); 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:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
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 Plan 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.	08/15/2016	SANDRA STAUP
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	08/15/2016	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

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**	238
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	200
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	314
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	42
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	356
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	2
f	Total. Add lines **6d** and **6e**.	**6f**	358
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	342
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	4
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)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) .....…… ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ……..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2014 Form M-1 annual report. If the plan was not required to file the 2014 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

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

2014

This Form is Open to Public Inspection

For calendar plan year 2014 or fiscal plan year beginning 11/01/2014 and ending 10/31/2015

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	61901	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		2061490
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	1283	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	43077	139547
(2) U.S. Government securities	1c(2)	538184	495423
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)	334976	399750
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	3524303	3598227
(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)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)	135179	103505

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	8795052	16212924
(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	13433955	23010866
Liabilities			
g Benefit claims payable	1g		92017
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	3925	4299
k Total liabilities (add all amounts in lines 1g through1j)	1k	3925	96316
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	13430030	22914550

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)	2061490	
(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)		2061490
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	74	
(B) U.S. Government securities	2b(1)(B)	11310	
(C) Corporate debt instruments	2b(1)(C)	11120	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	4298	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		26802
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	49242	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		49242
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	2389186	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	2494298	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		-105112
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	7689897	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		7689897

		(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)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		9722319
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	237662	
(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)		237662
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)	137	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		137
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		237799
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		9484520
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, CPAS **(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		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

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

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

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

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

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

2014

This Form is Open to Public Inspection.

For calendar plan year 2014 or fiscal plan year beginning 11/01/2014 and ending 10/31/2015

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
FINANCIAL STATEMENTS
October 31, 2015 and 2014
SUPPLEMENTAL INFORMATION
October 31, 2015

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
October 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator of
Desco Industries, Inc. Employee Stock Ownership Plan
3561 Walnut Avenue
Chino, California 91730-2940

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, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended October 31, 2015, 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 due 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.

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, 2015 and 2014, and the changes in its net assets available for benefits for the year ended October 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule of Assets Held for Investment Purposes at End of Year, October 31, 2015, hereafter referred to as "supplemental information" is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental 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 respects in relation to the financial statements as a whole.

KHO & PATEL

Kho & Patel

San Dimas, California
July 29, 2016

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
October 31, 2015 and 2014

	(All Allocated) 2015	2014
ASSETS		
Investments at fair value	$ 20,926,765	$ 13,432,672
Receivables		
Employer contribution receivable	2,061,490	-
Other receivable	-	1,283
Total receivables	2,061,490	1,283
Total assets	22,988,255	13,433,955
LIABILITIES		
Distributions payable	61,621	-
Withheld federal tax payable	7,389	-
Withheld state taxes payable	4,695	3,925
Total liabilities	73,705	3,925
Net assets available for benefits	$ 22,914,550	$ 13,430,030

See accompanying notes.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year Ended October 31, 2015

ADDITIONS		
Investment income:		
Net appreciation in estimated fair value of investments	$ 7,584,786	
Interest	26,801	
Dividends	49,242	
Total investment income	7,660,829	
Contributions:		
Employer contributions	2,061,490	
Total additions to net assets		$ 9,722,319
DEDUCTIONS		
Bank fees	137	
Distribution to participants	237,662	
Total deductions from net assets		237,799
Net increase		9,484,520
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year		13,430,030
End of year		$ 22,914,550

See accompanying notes.

DESCO INDUSTRIES, INC. EMPLOYEE STOCK OWNERSHIP PLAN
Notes to Financial Statements
October 31, 2015 and 2014

Note A – Plan Description

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. As of November 1, 2008, the Plan was amended and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (IRC) 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 dated January 2, 1998.

Eligibility

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.

Employer 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 years ended October 31, 2015 and 2014 were $2,061,490 and $0, respectively.

Payment of Benefits

Distributions on account of death, disability, or retirements are made in a lump sum, or in substantially equal annual installments over a period generally not to exceed five years, in the Plan year following the event. Distributions for other separations from service are made in a lump sum, as soon as administratively feasible after the close of the Plan year in which the participant's employment terminates, or in substantially equal annual installments over a period of time not to exceed five years.

Distributions are made in cash or, if a participant elects, in the form of Company common stock plus cash for any fractional share of common stock. Under the provisions of the Plan, the Company is obligated to repurchase participant shares which have been distributed under the terms of the Plan as long as the shares are not publicly traded or if the shares are subject to trading limitations.

Note A – Plan Description (continued)

Voting Rights

Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of plan participants and beneficiaries.

Plan Termination

The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, the Board of Directors should direct the Trustee to pay all liabilities and expenses of the trust fund. In the event of Plan termination, participants will become 100% vested in their accounts.

Participant Accounts

The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited with an allocation of (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.

Vesting

If a participant's employment with the Company ends for any reason other than retirement (age 65), permanent disability, or death, he or she will vest in the balances in his or her account based on total years of service with the Company. 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%

Note A – Plan Description (concluded)

Put Option

Under Federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current value of the stock. The Company can pay for the purchase either in a single lump sum payment or with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

Diversification

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.

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 five year break in service. Total forfeitures of $13,901 and $22,975 were reallocated during the years ended October 31, 2015 and 2014, respectively. Vested but undistributed account balances of terminated participants totaled $1,283,855 and $78,149 as of October 31, 2015 and 2014 respectively.

Note B – Summary of Significant Accounting Policies

Date of Management Review

Subsequent events were evaluated through July 29, 2016, which is the date the financial statements were available to be issued.

Basis of Accounting

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

Note B – Summary of Significant Accounting Policies (concluded)

Use of Estimates

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

Investment Valuation and Income Recognition

The shares of equity and debt securities, as well as Company common stock are valued at fair value. See Note C for discussion of fair value measurements.

Dividend income is accrued on the ex-dividend date.

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.

Plan Fees and Administrative Expenses

All expenses of maintaining the Plan are paid by the Company.

Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation.

Note C – Fair Value Measurements

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Note C – Fair Value Measurements (continued)

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
Level 2	Inputs to the valuation methodology include • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the assets and 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 specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no plan assets requiring the use of Level 2 or Level 3 inputs for the period presented.

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, 2015 and 2014.

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.

Note C – Fair Value Measurements (continued)

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.

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, 2015 and 2014:

2015		*Fair Value Measurements at the End of the Reporting Period Using:*		
	Fair Value	*Level 1*	*Level 2*	*Level 3*
Cash and cash equivalents	$ 116,936	$ 116,936	$ -	$ -
U.S. government securities	495,423	495,423	-	-
Corporate obligations	399,750	399,750	-	-
Common stocks	3,598,227	3,598,227	-	-
Other bonds	103,505	103,505	-	-
Investment in Desco Industries, Inc. common stock	16,212,924	-	-	16,212,924
Total assets at fair value	$ 20,926,765	$ 4,713,841	$ -	$ 16,212,924

Note C – Fair Value Measurements (continued)

2014		*Fair Value Measurements at the End of the Reporting Period Using:*		
	Fair Value	*Level 1*	*Level 2*	*Level 3*
Cash and cash equivalents	$ 104,978	$ 104,978	$ -	$ -
U.S. government securities	538,184	538,184	-	-
Corporate obligations	334,976	334,976	-	-
Common stocks	3,524,303	3,524,303	-	-
Other bonds	135,179	135,179	-	-
Investment in Desco Industries, Inc. common stock	8,795,052	-	-	8,795,052
Total assets at fair value	$ 13,432,672	$ 4,637,620	$ -	$ 8,795,052

There were no transfers between levels 1, 2 and 3 during the years ended October 31, 2015 and 2014.

Changes in Fair Value of Level 3 Assets and Related Gains and Losses

The following table provides sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended October 31, 2015.

	Level 3 Assets Year Ended October 31, 2015
	Investment in Desco Industries, Inc. Common Stock
Balance, beginning of year	$ 8,795,052
Realized gains/losses	-
Unrealized appreciation in estimated fair value	7,417,872
Balance, end of year	$ 16,212,924
The amount of total gains or losses for the period included in changes in net assets attributable to the changes in unrealized gains or losses relating to assets still held at the reporting date	$ 7,417,872

Note C – Fair Value Measurements (continued)

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in estimated fair value of investments in the Statement of Changes in Net Assets Available for Benefits.

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, 2015 and 2014.

The Desco Industries, Inc. common stock held by the Plan is reported at fair value based upon an appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years as illustrated in the following table.

Instrument	*Fair Value*	*Principal Valuation Technique*	*Unobservable Inputs*
Desco Industries, Inc. common stock	$16,212,924	Income	EBITDA Net income Weighted average cost of capital Discount Rate Discount for lack of marketability
		Market	Public comparables Revenue multiple EBITDA multiple Discount for lack of marketability

The valuation process involves the selection of an appraiser under contract. Plan management accumulates the data for the appraiser from historical and projected financial information of the Company. The appraiser prepares a report of the estimated per share value that a participant will receive upon distribution. Management reviews the appraisal for accuracy and reasonableness.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other markets 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.

Note D – Investments in Company Stock

The Plan's investments in Company common stock at October 31, 2015 and 2014, are as follows:

	2015 Allocated	2014 Allocated
Number of shares	25,200	25,200
Cost	$ 4,725,000	$ 4,725,000
Fair value	$16,212,924	$ 8,795,052

Note E – Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated October 29, 2002, that the Plan is qualified and the trust established under the Plan is tax-exempt, under the appropriate sections of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require plan administrator 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). The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress. The Plan administrator believes the Plan is no longer subject to income tax examinations for fiscal years prior to October 31, 2012.

Note F – Administration of Plan Assets

The Plan's assets, which consist principally of Company common stock, are held by the trustee of the Plan.

Company contributions are held and managed by the custodian, which invests cash received, interest, and dividend income and makes distributions to participants.

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Administrative expenses for the custodian's fees are paid directly by the Company

Note G – Risks and Uncertainties

The Plan's investments consist primarily of the Company's common stock as well as other equity and debt securities which are exposed to various risks, including interest rate, market, and credit risks, as well as valuation assumptions based on earnings and cash flows. Due to the level of risk associated with the investments in these equity and debt securities and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of these equity and debt securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Note H – Related Party and Party-in-Interest Transactions

The Plan allows for transactions with certain parties who many perform services or have fiduciary responsibilities to the Plan. The Plan invests in Company common stock. This is a related party and party-in-interest transaction.

The Plan has a number of service providers. Such parties are parties-in-interest under ERISA, including City National Bank, which is a custodian of certain Plan assets and manages certain Plan investments.

These transactions qualify as party-in-interest transactions for which a statutory exemption exists.

Note I – Change in Accounting Principles

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefits Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient.* Part I eliminates the requirement to measure the fair value of fully benefit-responsive investment contracts and provide certain disclosures. Contract value is the only required measure for fully benefit-responsive investment contracts. Part II eliminates the requirements to disclose individual investments that represent 5 percent or more of net assets available for benefits and the net appreciation or depreciation in fair value of investments by general type. Part II also simplified the level of disaggregation of investments that are measured using fair value. Plans will continue to disaggregate investments that are measured using fair value by general type; however, plans are no longer required to also disaggregate investments by nature, characteristics and risks. Further, the disclosure of information about fair value measurements shall be provided by general type of plan asset. Part III is not applicable to the Plan. The ASU is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. Parts I and II are to be applied retrospectively. Management has elected to adopt Part II early.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2015
EIN # 95-3368148 IRS Plan # 002

(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 and Cash Equivalents				
	Union Bank	Interest bearing checking accounts	$ 65,237	$ 65,237
	Goldman Sachs Financial Square Treasury Fund In-In	51,699.09 shares	51,699	51,699
	Total cash equivalents		$ 116,936	$ 116,936
Government and Agency Obligations				
	FFCB V-M	30,000, 0.247%, 04/17/17	$ 30,000	$ 30,013
	FHLB	45,000, 0.375%, 02/19/16	44,968	45,025
	FHLB	30,000, 1.625%, 06/14/19	29,959	30,327
	FHLMC MTN	30,000, 1.375%, 05/01/20	28,958	29,836
	FHLMC MTN	35,000, 4.875%, 06/13/18	42,023	38,471
	FNMA	30,000, 1.500%, 11/30/20	29,982	29,741
	FNMA	45,000, 4.875%, 12/15/16	51,300	47,150
	FNMA	45,000, 5.000%, 02/13/17	50,675	47,523
	FNMA MTN	35,000, Z-CPN, 10/09/19	30,813	32,557

See independent auditor's report.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2015
EIN # 95-3368148 IRS Plan # 002

(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
	FNMA SER 123 CMO	23,219.32, 2.500%, 03/25/24	23,767	23,604
	U S Treasury Bonds	30,000, 1.125%, 12/31/19	29,648	29,663
	U S Treasury Bonds	25,000, 1.375%, 09/30/18	24,920	25,250
	U S Treasury Bonds	30,000, 1.750%, 10/31/18	30,543	30,627
	U S Treasury Bonds	45,000 2.000%, 04/30/16	46,570	45,373
	U S Treasury Bonds	10,000, 3.125%, 10/31/16	10,670	10,263
	Total government and agency obligations		$ 504,796	$ 495,423
	Corporate Obligations			
	Capital One ABS	30,000, 1.450%, 08/16/21	$ 29,999	$ 29,878
	Carmax Auto Own ABS	18,382.45, 0.670%, 02/15/18	18,382	18,373
	Citigroup Inc V-Q	30,000, 2.062%, 05/15/18	31,176	30,574
	General Elec Cap Corp MTN	30,000, 5.550%, 05/04/20	34,197	34,185
	Glaxosmithkline Cap	25,000, 5.650%, 05/15/18	29,121	27,633
	Goldman Sachs Group	30,000, 2.625%, 01/31/19	29,994	30,502

See independent auditor's report.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2015
EIN # 95-3368148 IRS Plan # 002

(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
	Hyundai Auto ABS	20,000, 1.050% 04/15/19	19,997	19,951
	John Deere Cap MTN	30,000, 1.750%, 08/10/18	29,992	30,134
	JPMorgan Chase & Co	25,000, 6.000%, 01/15/18	29,533	27,283
	Merrill Lynch & Co	25,000, 6.400%, 08/28/17	29,314	27,082
	Morgan Stanley	30,000, 5.750%, 01/25/21	34,920	34,191
	Simon Property Group	30,000, 2.200%, 02/01/19	30,397	30,274
	Toyota Motor MTN V-Q	30,000, 1.500% 02/13/20	30,000	29,527
	Wells Fargo & Company	30,000, 2.125%, 04/22/19	29,807	30,163
	Total corporate obligations		$ 406,829	$ 399,750
Common Stocks				
	Adobe Systems Com	690 shares	44,394	61,175
	AFFIL MGRS Group Inc Com	250 shares	43,704	45,065
	Alphabet Inc CL A	100 shares	45,029	73,739
	Alphabet Inc CL C	90 shares	40,286	63,973

See independent auditor's report.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2015
EIN # 95-3368148 IRS Plan # 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
	American International Group Inc Com	1,300 shares	68,647	81,978
	American Water Works Co Inc New Com	900 shares	35,046	51,624
	Apple Inc Com	1,500 shares	98,274	179,250
	Bankunited Inc	1,500 shares	52,006	55,770
	Boeing Company Com	350 shares	42,995	51,825
	Celgene Corp	800 shares	43,639	98,168
	Cerner Corp	650 shares	44,979	43,089
	Charles Schwab Corp	3,600 shares	105,257	109,872
	Chevron Corp	460 shares	33,102	41,805
	Colgate Palmolive Co	1,000 shares	68,941	66,350
	Comcast Corp CL A	1,200 shares	49,970	75,144
	Costco Wholesale Corp	500 shares	58,001	79,060
	CVS Health Corp Com	1,200 shares	69,256	118,536
	Disney Walt Co New	800 shares	66,540	90,992

See independent auditor's report.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2015
EIN # 95-3368148 IRS Plan # 002

(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
	Edwards Lifesciences Corp Com	550 shares	40,288	86,432
	EOG Res Inc	480 shares	33,662	41,208
	Exxon Mobil Corp Com	900 shares	80,734	74,466
	Facebook Inc Com	900 shares	30,632	91,773
	Gilead Sciences Inc Com	1,100 shares	51,463	118,943
	HCA Holdings Inc Com	670 shares	46,897	46,089
	Hexcel Corp Com	1,250 shares	51,120	57,900
	Home Depot Inc Com	790 shares	52,615	97,676
	Honeywell International Inc	700 shares	71,470	72,296
	JPMorgan Chase & Co Com	1,200 shares	68,182	77,100
	Lilly Eli & Co	900 shares	64,260	73,413
	Lions Gate Entertainment Corp Com	1,500 shares	40,981	58,455
	Lowes Cos Inc Com	900 shares	42,443	66,447
	Magna International Inc	1,000 shares	34,598	52,730

See independent auditor's report.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2015
EIN # 95-3368148 IRS Plan # 002

(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
	Mastercard Inc CL A Com	1,100 shares	80,372	108,889
	Microsoft Corp	1,200 shares	55,742	63,168
	NXP Semiconductors N V Com	700 shares	44,825	54,845
	PG & E Corp	1,600 shares	84,286	85,440
	Polaris Inds Inc Com	450 shares	48,558	50,553
	Prudential Financial Inc Com	890 shares	58,500	73,425
	Pulte Group Inc	2,750 shares	49,319	50,408
	Schlumberger LTD	700 shares	57,857	54,712
	Starbucks Corp Com	1,150 shares	32,934	71,955
	Textron Inc Com	2,000 shares	74,687	84,340
	Thermo Fisher Scientific Inc	550 shares	42,650	71,929
	Union Pacific Corp Com	700 shares	55,110	62,545
	Unitedhealth Group Inc	350 shares	39,477	41,223
	Verizon Communications Com	1,100 shares	48,374	51,568

See independent auditor's report.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2015
EIN # 95-3368148 IRS Plan # 002

(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
	Visa Inc CL A	1,450 shares	97,342	112,491
	Wabtec Corp Com	700 shares	35,949	58,009
	Wells Fargo & Co	1,400 shares	56,131	75,796
	Whitewave Foods CO CL A	600 shares	11,709	24,588
	Total common stocks		$ 2,693,233	$ 3,598,227
Other Bonds				
	BNP Paribas Corp	30,000, 2.700%, 08/20/18	$ 30,643	$ 30,666
	Florida ST Hurricane	20,000, 2.107%, 07/01/18	20,109	20,180
	Southern CA ETM	20,000, 6.930%, 05/15/17	24,602	21,800
	Statoil ASA	30,000, 2.900%, 11/08/20	31,478	30,859
	Total other bonds		$ 106,832	$ 103,505

See independent auditor's report.

DESCO INDUSTRIES, INC.
EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE 1 - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
(Form 5500, Schedule H, Line 4i)
October 31, 2015
EIN # 95-3368148 IRS Plan # 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
Party-in-Interest Common Stock				
*	Desco Industries, Inc.	25,200 shares	$ 4,725,000	$ 16,212,924
	Total party-in-interest common stock		$ 4,725,000	$ 16,212,924
	Total investments		$ 8,553,626	$ 20,926,765

Note: Asterisk (*) Indicates a Party-in-Interest

See independent auditor's report.

SCHEDULE H (Form 5500)	Financial Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ **File as an attachment to Form 5500.**	**2014** **This Form is Open to Public Inspection**

For calendar plan year 2014 or fiscal plan year beginning and ending

A Name of plan	**B** Three-digit plan number (PN) ▶
C Plan sponsor's name as shown on line 2a of Form 5500	**D** Employer Identification Number (EIN)

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)		
(2) Participant contributions	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(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)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

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

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

		(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)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)		
(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)		
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)		
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: (2) EIN:

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			
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			

			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			
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			
e	Was this plan covered by a fidelity bond?	4e			
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			
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			
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			
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			
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			
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			
l	Has the plan failed to provide any benefit when due under the plan?	4l			
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)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (see ERISA section 4021)? ..... ☐ Yes ☐ No ☐ Not determined

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

Attachment to 2014 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	16,212,924
	Goldman Sachs Finl Sqr Treas #506	51,699.09 shares	51,699	51,699
	Government & Agency Obligations	Government and agency obligations of varying maturities and interest rates	504,796	495,423
	Corporate Obligations	Corporate obligations of varying maturities and interest rates	406,829	399,750
	Common Stocks	Common stocks of various companies	2,693,230	3,598,226
	Other Bonds	Bonds of varying maturities and interest rates	106,832	103,505