FIRST COMMUNITY CORP /SC/
Form 11-K
June 21, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK

PURCHASE SAVINGS AND SIMILAR PLANS

PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 000-28344

A. **Full title of the plan and the address of the plan, if different from that of the issuer named below:**

First Community Bank 401(k) Plan

B. **Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

First Community Corporation

5455 Sunset Blvd

Lexington, SC 29072

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REQUIRED INFORMATION

The following financial statements and supplemental schedule for the First Community Bank 401(k) Plan are being filed herewith:

Audited Financial Statements:

Report of Independent Registered Public Accounting Firm   Elliott Davis, LLC

Statements of Net Assets Available for Benefits as of December 31, 2011 and 2010

Statements of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2011

Notes to Financial Statements - December 31, 2011 and 2010

Supplemental Schedule:

Schedule of Assets Held - December 31, 2011

The following exhibit is being filed herewith:

Exhibit No.	Description
23.1	Consent of Independent Registered Public Accounting Firm Elliott Davis, LLC

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

First Community Bank

401(k) Plan

Lexington, South Carolina

We have audited the accompanying statements of net assets available for benefits of First Community Bank 401(k) Plan (the Plan) as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of First Community Bank 401(k) Plan as of December 31, 2011 and 2010, and the changes in its net assets available for benefits for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplemental information required by the United States Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Elliott Davis, LLC

Elliott Davis, LLC

Columbia, South Carolina

June 19, 2012

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FIRST COMMUNITY BANK

401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2011	December 31, 2010
Assets:		
Cash	$ 35,536	$ 36,341
Investments at fair value:		
Mutual funds	3,974,311	3,732,008
First Community Corporation Unitized Stock Fund	551,672	487,532
Stable value fund	153,198	48,077
Total investments	4,679,181	4,267,617
Receivables:		
Notes Receivable from participants	131,174	129,172
Total receivables	131,174	129,172
Total assets	4,845,891	4,433,130
Liabilities:		
Fees payable		6,610
Net assets available for benefits, at fair value	4,845,891	4,426,520
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(3,259)	(1,591)
Net assets available for benefits	**$ 4,842,632**	**$ 4,424,929**

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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the year ended December 31, 2011

Additions to net assets attributed to:		
Contributions:		
Employer contributions	$	254,170
Employee contributions		490,067
Other		4,329
Total contributions		748,566
Investment income (loss):		
Net depreciation in fair value of investments		(117,284)
Interest and dividends		90,394
Total investment income (loss)		(26,890)
Interest income on notes receivable from participants		5,650
Total additions		727,326
Deductions from net assets attributed to:		
Administrative expenses		29,540
Distributions paid to participants		280,083
Total deductions		309,623
Net increase		417,703
Net assets available for benefits:		
Beginning of year		4,424,929
End of year	**$**	**4,842,623**

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FIRST COMMUNITY BANK 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

First Community Bank, N.A. (the Bank) established the First Community Bank 401(k) Plan (the Plan) effective as of January 1, 1996. The Bank is a subsidiary of First Community Corporation (the Company). The Plan is currently sponsored and maintained by the Bank. The Plan operates as a non-leveraged 401(k) Plan that allows for salary-deferral contributions by the Company s employees in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and the United States Department of Labor s (DOL) Rules and Regulations for Reporting and Disclosure. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

General - The Plan is a defined contribution plan covering all employees of the Bank. An employee is eligible to participate in the Plan if such employee has attained age 18 and completed 90 days of service. MG Trust Company, LLC (MG Trust) serves as custodian of the Plan s mutual fund assets. Certain members of management serve as trustees of the Plan.

Participant s Salary Reduction Election - Each year, participants may elect to defer a portion of their compensation, as defined in the Plan, not to exceed $16,500 for 2011 and 2010. For participants 50 or older, the Internal Revenue Service (IRS) maximum contribution is $22,000 for 2011 and 2010. Participants may also contribute amounts representing distributions from other qualified benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan.

Employer Contributions - The Bank makes a matching contribution equal to 100% of deferral contributions which do not exceed 3% of compensation, plus 50% of deferral contributions which exceed 3% but do not exceed 5% of compensation. In addition, the Bank may make a discretionary contribution on behalf of each eligible participant equal to a uniform percentage of each participant s compensation. The exact percentage, if any, will be determined by the Bank.

Participant Accounts - Each participant s account is credited with the participant s salary reduction election, allocations of the Bank s matching contribution and discretionary contribution (if any), Plan earnings, and forfeitures of terminated participants nonvested accounts, if applicable. An active employee must be employed on the last day of the Plan year and have completed 500 hours of service during the Plan year to qualify for the employers discretionary contribution. An employee whose service was terminated during the year must be credited with more than 500 hours of service during the Plan year to qualify for the employers discretionary contribution. An employee whose death, disability or retirement occurred during the Plan year will be qualify for the employers discretionary contribution regardless of the number of hours of service during the Plan year.

Vesting - Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Bank s matching and discretionary contribution portion of their accounts plus actual earnings thereon is based on a graduated schedule. A participant is 100% vested after six years of credited service. Also, a participant will become 100% vested in his or her account balance on the date that he or she reaches the normal retirement age of 65 or becomes disabled or dies while still employed by the Bank even if he or she has not achieved six years of credited service.

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FIRST COMMUNITY BANK 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN - *continued*

Notes Receivable from Participants - Participants may borrow from their fund accounts under the following circumstances: (1) notes shall be made available to all participants and their beneficiaries on a reasonably equivalent basis; (2) notes shall bear a reasonable rate of interest; (3) notes shall be adequately secured; (4) up to one-half of the vested account balance may be used as security under the note; and (5) the amount of the note is limited by rules under the Internal Revenue Code.

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of the vested interest of the participant in the Plan. The $50,000 maximum amount will be reduced by the participant s highest outstanding note balance in the previous 12 months, even if amounts have been prepaid. The notes are secured by the balance in the participant s account. The interest rate will be the prime interest rate as set by the Wall Street Journal plus 1%, or such other rate as determined by the Plan Administrator on the basis of relevant factors including but not limited to the rates charged by local banks for notes of similar duration and security level. The rate of interest will be constant throughout the term of the note. Interest rates on participant notes were 4.25% at December 31, 2011. All notes are required to be repaid within five years of the note. If the Participant notifies the Plan Administrator in writing that the entire proceeds of the note will be used to acquire a dwelling unit that will, within a reasonable time, be used as the principal residence of the Participant the note will be required to be repaid within 30 years of the original date of the note. Notes are to be repaid on the basis of substantially level amortization over the term of the note with payments made through salary reduction each pay period if available. All or any part of the outstanding balance of a note can be repaid at any time.

Investment Options - The Plan currently offers 19 mutual funds from which participants may choose the allocation of their contributions. In August 2008, the Plan trustees elected to eliminate First Community Corporation common stock from the Plan s available investment options. Participant balances in the Company s common stock at the time of election were not affected; however, participants were no longer allowed to allocate their deferrals to First Community Corporation common stock. On November 18, 2010, First Community Corporation common stock was reinstated as an investment option for participants.

Payment of Benefits - On termination of service due to death, disability, retirement, or other reasons, a participant or beneficiary may elect to receive a lump-sum amount equal to the value of the participant s vested interest in his or her account, less any notes outstanding.

Forfeited Accounts - Forfeited non-vested accounts totaled $111 and $2,114 for the years ended December 31, 2011 and 2010, respectively. Forfeitures will be used to reduce the Bank s future contributions to the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES

<u>Basis of Presentation</u> - The Plan s financial statements are prepared using the accrual method of accounting with the exception of benefits paid to participants, which are recorded when paid, in accordance with accounting principles generally accepted in the United States of America.

<u>Valuation of Investments and Income Recognition</u> - The Plan s investment assets are stated at fair value. Shares of registered investment companies (mutual funds) are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end.

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FIRST COMMUNITY BANK 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACTIVITIES - *continued*

Shares of First Community Corporation common stock are valued at fair value, which was the closing price of the Company s common stock as reported by the NASDAQ Capital Market as of the close of business on December 31, 2011.

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

Basis of accounting - Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Concentration of Credit Risk - Investments in First Community Corporation common stock comprised 11% o