# 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), 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

**2009**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2007 and ending 12/31/2007

**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;
- [X] 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
NSG TECHNOLOGY, INC 401(K) PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 01/01/2003

**2a** Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
NSG TECHNOLOGY, INC

1705 JUNCTION COURT
SUITE 200
SAN JOSE, CA 95112

**2b** Employer Identification Number (EIN)
77-0416181

**2c** Sponsor's telephone number
408-547-8783

**2d** Business code (see instructions)
334200

**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. | 06/25/2010 | WYNNE YEUNG |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 06/25/2010 | KAREN CHENG |
| | **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 |

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")

NSG TECHNOLOGY, INC

1705 JUNCTION COURT
SUITE 200
SAN JOSE, CA 95112

**3b** Administrator's EIN: 77-0416181

**3c** Administrator's telephone number: 408-547-8783

**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** | 218 |
| **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** | 189 |
| **b** | Retired or separated participants receiving benefits | **6b** | 0 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 21 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 210 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 210 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 131 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 0 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 3D 2T

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | 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)** | X | 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)** | X | **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)** | X | **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

**2009**

**This Form is Open to Public Inspection**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2007 and ending 12/31/2007

**A** Name of plan
NSG TECHNOLOGY, INC 401(K) PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
NSG TECHNOLOGY, INC

**D** Employer Identification Number (EIN)
77-0416181

## 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) | 7812 | 12223 |
| **(2)** Participant contributions | 1b(2) | 79695 | 89134 |
| **(3)** Other | 1b(3) | 399 | 559 |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 490720 | 789825 |
| **(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) | 13866 | 21699 |
| **(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) | 2207658 | 3191039 |
| **(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) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 2800150 | 4104479 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 2800150 | 4104479 |

## 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) | 135854 | |
| | **(B)** Participants | 2a(1)(B) | 832625 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 193899 | |
| | **(2)** Noncash contributions | 2a(2) | 160 | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 1162538 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | 78161 | |
| | **(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) | | 78161 |
| | **(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) | | 0 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **2b** (5) Unrealized appreciation (depreciation) of assets: (A) Real estate | 2b(5)(A) | | |
| (B) Other | 2b(5)(B) | | |
| (C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) | 2b(5)(C) | | 0 |
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | |
| (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) | | 314817 |
| **c** Other income | 2c | | |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 1555516 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 251062 | |
| (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) | | 251062 |
| **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) | 125 | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 125 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 251187 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line 2j from line 2d | 2k | | 1304329 |
| **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) [X] Disclaimer (4) [ ] Adverse

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

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

(1) Name: ACORN ACCOUNTANTS CORPORATION (2) EIN: 20-3776207

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** | Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | X | | 719009 |
| **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 | |
| **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 | | 350000 |
| **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) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# NSG Technology Inc. 401(k) Plan

# E I N 77-0416181 PN 001

**Accountant's Report**
**And**
**Financial Statements**
**December 31, 2007 and 2006**

# NSG Technology Inc. 401(k) Plan
# December 31, 2007 and 2006

**Contents**

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**Financial Statements**

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**Supplemental Schedule**

Schedule H, Line 4i – Schedule of Assets (Held at End of Year) ..... 12

*ACORN ACCOUNTANCY CORPORATION*
*A Professional Corporation*
9420 Telstar Ave. Suite# 207
EL Monte, CA 91731
Tel: (626) 579-5088
Fax: (626) 579-5009

## Independent Accountant's Report

Plan Administrator
NSG Technology Inc. 401(k) Plan
San Jose, California

I was engaged to audit the accompanying statements of net assets available for benefits of NSG Technology Inc. 401(k) Plan as of December 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended and the accompanying supplemental schedule. These financial statements and schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed me not to perform, and I did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Ascensus, Inc., ("Ascensus"), the recordkeeper of the Plan as agent for Frontier Trust Company, the Trustee of the Plan, and MG Trust Company, LLC ("MG Trust"), the Custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. I have been informed by the Plan Administrator that Frontier Trust Company held the Plan's investment assets and executes investment transactions for the year ended December 31, 2007, and that MG Trust held the Plan's investment assets and executes investment transactions for the year ended December 31, 2006. The Plan Administrator has obtained certifications from Ascensus and MG Trust, as of and for the years ended December 31, 2007 and 2006, that the information provided to the Plan Administrator by Ascensus and MG Trust is complete and accurate.

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

Acorn Accountancy Corp

October 9, 2009

# NSG Technology Inc. 401(k) Plan

## Statements of Net Assets Available for Benefits

## Years Ended December 31, 2007 and 2006

| | 2007 | 2006 |
|---|---|---|
| **ASSETS** | | |
| **Investments, At Fair Value** | $ 4,002,563 | $ 2,712,244 |
| **Receivables** | | |
| Employer's contribution | 12,223 | 7,812 |
| Participants' contributions | 89,134 | 79,695 |
| Loan | 559 | 399 |
| Total Receivables | 101,916 | 87,906 |
| **Net Assets Available for Benefits** | $ 4,104,479 | $ 2,800,150 |

# NSG Technology Inc. 401(k) Plan

## Statements of Changes in Net Assets Available for Benefits

## Years Ended December 31, 2007 and 2006

| | 2007 | 2006 |
|---|---|---|
| **Investment Income (Loss)** | | |
| Net appreciation (depreciation) in fair value of investments | $ 99,973 | $ 199,718 |
| Interest/dividends | 78,161 | 17,220 |
| Capital gain (loss) | 214,844 | 74,483 |
| Net Investment Income (Loss) | 392,978 | 291,421 |
| **Contributions** | | |
| Employer | 135,854 | 89,790 |
| Participants | 832,625 | 594,521 |
| Rollovers | 193,899 | - |
| Loan repayment | 160 | 398 |
| Total Additions (Loss) | 1,162,538 | 684,709 |
| **Deductions** | | |
| Benefits paid directly to participants | 251,062 | 267,453 |
| Other expenses | 125 | 250 |
| Total Deductions | 251,187 | 267,703 |
| **Net Increase (Decrease)** | 1,304,329 | 708,427 |
| **Net Assets Available for Benefits, Beginning of Year** | 2,800,150 | 2,091,723 |
| **Net Assets Available for Benefits, End of Year** | $ 4,104,479 | $ 2,800,150 |

# NSG Technology Inc. 401(k) Plan

## Notes to Financial Statements

## December 31, 2007 and 2006

### Note 1: Description of the Plan

The following description of NSG Technology Inc. 401(k) Plan (the "Plan") provides only general information. Participants should refer to the *Basic Plan Document* and *Summary Plan Description* for a more complete description of the Plan's provisions, which are available from the Plan Administrator.

***General***

The Plan is a defined contribution plan covering all employees of NSG Technology Inc. (the "Company"). Employees are eligible to participate in the Plan if they attain the age of 21 and have completed one year of service with a minimum of 1,000 hours during that time.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

***Contributions***

Effective on January 1, 2007, the Plan was amended and participants are allowed to defer a percentage of their eligible compensation from 1 percent to 100 percent in increments of 1 percent each Plan year as contributions to the Plan. The contributions are subject to certain limitations. The Company matched 50 percent of the participant's salary deferral up to 2 percent of the employee's eligible compensation. The record keeper of the Plan, Ascensus, Inc. ("Ascensus"), formerly known as Bisys Retirement Services, Inc., certified that the Plan meets the nondiscrimination test as defined under the provisions of ERISA.

***Participant Investment Account Options***

Investment account options include various funds. Each participant has the option of directing his or her contributions into any of the separate investment accounts and may change the allocation daily.

***Participant Accounts***

Each participant's account is credited with the participant's contributions, the Company's contributions and Plan earnings, and is charged with certain related expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

***Vesting***

Participants are immediately vested in their voluntary contributions and Company contributions, plus earnings thereon.

# NSG Technology Inc. 401(k) Plan

**Notes to Financial Statements**

**December 31, 2007 and 2006**

## Note 1: Description of the Plan, continued

***Payment of Benefits***

Upon retirement or termination of service, a participant may elect to receive either a lump-sum amount equal to the value of his or her vested account or allow their investments to remain in the Plan subject to certain restrictions.

***Participant Loans***

The *Basic Plan Document* includes provisions authorizing loans from the Plan to active eligible participants. The minimum amount of a loan shall be $1,000. The maximum amount of a participant's loan is determined by the available loan balance restricted to the lesser of $50,000 or 50 percent of the participant's vested account balance. Interest on Loans from this Plan will be equal to the prime rate as specified in the Wall Street Journal plus 1 percent.

***Plan Termination***

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA. The Company has not expressed such intention as of this financial statements date.

## Note 2: Summary of Significant Accounting Policies

***Basis of Accounting***

The accompanying financial statements are prepared on the accrual basis 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 and changes in net assets, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

***Valuation of Investments and Income Recognition***

The Plan’s assets are stated at fair value. Participant loans are states at cost, which approximates fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recognized on the accrual basis while dividends are recorded on the ex-dividend date.

## Note 2: Summary of Significant Accounting Policies, continued

***Plan Tax Status***

As of December 31, 2007, the Plan has not obtained a determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and that the Plan and related trust were qualified as tax-exempt as of the financial statement date.

***Payment of Benefits***

Benefit payments to participants are recorded upon distribution.

***Administrative Expenses***

Administrative expenses may be paid by the Company or the Plan, at the Company's discretion.

## Note 3: Investments-unaudited

The following information included in the accompanying financial statements and supplemental schedules for the year ended December 31, 2007 was certified by Ascensus, acting as the agent for Frontier Trust Company, the trustee of the Plan. The Plan's investments (including investments, bought, sold and held during the year) held by the trustee, appreciated (depreciated) in fair value as follows:

| | 2007 | |
|---|---|---|
| | Net Appreciation (Depreciation) in Fair Value During Year | Fair Value at End of Year |
| Investments at Fair Value as Determined by Quoted Prices in an Active Market | | |
| Registered investment companies | $ 99,973 | $ 3,191,039 |
| Investments at Fair Value as Determined by Frontier Trust Company | | |
| Common/collective trusts | - | 87 |
| Investments at Cost Which Approximates Market | | |
| Money market fund | - | 789,738 |
| Participant loans | - | 21,699 |
| | $ 99,973 | $ 4,002,563 |

**Note 3: Investments-unaudited, continued**

The following information included in the accompanying financial statements and supplemental schedules for the year ended December 31, 2006 was certified by MG Trust Company, LLC("MG Trust"), the custodian of the Plan. The trustee of the Plan was Edward Tsao, the Human Resources Manager of the Company. The Plan's investments (including investments, bought, sold and held during the year) held by the custodian, appreciated (depreciated) in fair value as follows:

| | 2006 | |
|---|---|---|
| | Net Appreciation (Depreciation) in Fair Value During Year | Fair Value at End of Year |
| Investments at Fair Value as Determined by Quoted Prices in an Active Market | | |
| Registered investment companies | $ 199,718 | $ 2,207,658 |
| Investments at Fair Value as Determined by MG Trust | | |
| Common/collective trusts | - | - |
| Investments at Cost Which Approximates Market | | |
| Money market fund | - | 490,720 |
| Participant loans | - | 13,866 |
| | $ 199,718 | $ 2,712,244 |

## Note 3: Investments-unaudited, continued

The fair value of individual investments that represent 5 percent or more of the Plan's net assets available for benefits were as follows:

| | Current Value | |
|---|---|---|
| | 2007 | 2006 |
| Seligman Capital Fund Class D | | $ 308,677 |
| Seligman Cash Management Fund Class D | | 490,720 |
| Seligman Communications & Info Fund CI D | | 325,523 |
| Seligman Global Smaller Cos Fund Class D | | 330,044 |
| Seligman Growth Fund Class D | | 169,604 |
| Seligman International Growth Fund Class D | | 330,363 |
| Seligman Large-Cap Value Fund Class D | | 187,905 |
| Seligman Smaller-Cap Value Fund Class D | | 208,060 |
| American Funds Cash Mgmt Trust R2 | $ 789,738 | |
| American Funds New World fund R2 | 350,303 | |
| American Funds Cap Income Builder R2 | 217,570 | |
| American Funds Cap Wld Growth Inc R2 | 263,541 | |
| American Funds EuroPacific Growth R2 | 451,791 | |
| American Funds Growth Fnd of Amer R2 | 295,021 | |
| Seligman Emerging Markets Fund Class D | 456,522 | |
| Other investments under 5 percent | 1,178,077 | 361,348 |
| Total Investments | $ 4,002,563 | $ 2,712,244 |

Interest and dividends realized on the Plan's investments for the years ended December 31, 2007 and 2006, were $78,161 and $17,220 respectively.

## Note 4: Party-in-interest Transactions

Administrative expenses are paid directly by the Company, the plan sponsor.

## Note 5: Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2007 and 2006, to Form 5500:

| | 2007 | 2006 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ 4,104,479 | $ 2,800,150 |
| Contributions and other receivable at December 31 | (101,916) | (87,906) |
| Net assets available for benefits per Form 5500 | $ 4,002,563 | $ 2,712,244 |

The following is a reconciliation of contributions received per the financial statements for the years ended December 31, 2007 and 2006, to Form 5500:

| | 2007 | |
|---|---|---|
| | Employer Contributions | Employee Contributions |
| Contributions received per the financial statements | $ 135,854 | $ 832,625 |
| Add: Contributions receivable, December 31, 2006 | 7,812 | 79,695 |
| Less: Contributions receivable, December 31, 2007 | (12,223) | (89,134) |
| Contributions received per Form 5500 | $ 131,443 | $ 823,186 |

| | 2006 | |
|---|---|---|
| | Employer Contributions | Employee Contributions |
| Contributions received per the financial statements | $ 89,790 | $ 594,521 |
| Add: Contributions receivable, December 31, 2005 | 6,581 | 39,966 |
| Less: Contributions receivable, December 31, 2006 | (7,812) | (79,695) |
| Contributions received per Form 5500 | $ 88,559 | $ 554,792 |

## Note 6: Plan Amendment

The Plan was amended during 2006 and the major amendments are as follows:

Effective on January 1, 2007, the Plan was amended and participants are allowed to defer from 1 percent to 100 percent of their eligible compensation in increments of 1 percent each Plan year. The deferral percentage of prior plan was from 1 percent to 15 percent of participants' eligible compensation.

## Note 7: Risks and Uncertainties

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

## Note 8: Subsequent Event

Effective on January 1, 2009, the Plan was amended and restated to adopt a safe harbor matching contribution provision intended to satisfy Section 401(k) (12) of the Code. Participants are to receive safe harbor matching contributions if they make pre-tax contributions to the Plan in 2009. The Company matched 100 percent of the participant's salary deferral up to 4 percent of the employee's eligible compensation. Participants' account balances holding such safe harbor matching contributions will be immediately 100 percent vested.

In May, 2009, the Employee Benefits Security Administration of the U.S. Department of Labor ("DOL") conducted an investigation of the Company's 401(k) Plan to determine if there is any violation of Title I of ERISA or any regulation or order. The reporting years covered by this investigation are from January 15, 2004 to June 15, 2009.

As of the financial statements date, the DOL has determined that the Company violated several provisions of ERISA.

The DOL determines that the employees' salary deferral amounts and loan repayments withheld from employees' paychecks were not timely forwarded to the Plan in a timely manner. Besides, the withheld employee contributions and loan repayments remained commingled with the company's general assets. Due to the aforementioned violations, the investigation shows that the Company restored lost interest of $12,849 to participants from forfeiture accounts. The amounts of lost interest for 2007 and 2006 are $5,820 and $2,681, respectively.

## Note 8: Subsequent Event, continued

The DOL further determines that the Company failed to properly include the required audited financial statements with Annual Report Form 5500 from year 2004 to year 2007. For delinquent contributions and failure to file audited financial statements, the Company is required to make corrective actions to Form 5500.

The DOL further determines that the Company was in violation of ERISA Section 412, which requires the Company to maintain minimum fidelity bond in the amount of $425,375. Failure to obtain adequate fidelity bond amount puts unnecessary risk to the Plan and its beneficiaries. The Company had fidelity bond at $350,000 and $0 as of December 31, 2007 and 2006, respectively.

Management believes additional penalty and interest may incur for late deposits of the fiduciary funds. The Company will absorb the additional penalty and interest, if any, and do not believe that will have a material impact on the plan assets.

# Supplemental Schedule

# NSG Technology Inc. 401(k) Plan

**E I N 77-0416181 PN 001**

**Schedule H, Line 4i – Schedule of Assets (Held at End of Year)**
**December 31, 2007**

| Identity of Issuer | Description of Investment | Current Value |
|---|---|---|
| Registered Investment Companies | | |
| American Funds | American Funds New Perspective R2 | $ 158,552 |
| American Funds | American Funds New World Fund R2 | 350,303 |
| American Funds | American Funds New Economy Fund R2 | 133,038 |
| American Funds | American Funds Bond Fund of Amer R2 | 44,325 |
| American Funds | American Funds High Income Trust R2 | 80,140 |
| American Funds | American Funds Amer Balanced Fund R2 | 35,260 |
| American Funds | American Funds American Mutual Fd R2 | 3,094 |
| American Funds | American Funds Cap Income Builder R2 | 217,570 |
| American Funds | American Funds Cap Wld Growth Inc R2 | 263,541 |
| American Funds | American Funds EuroPacific Growth R2 | 451,791 |
| American Funds | American Funds Growth Fnd of Amer R2 | 295,021 |
| American Funds | American Funds Income Fnd of Amer R2 | 61,661 |
| American Funds | American Funds Investment Co Amer R2 | 68,329 |
| American Funds | American Funds SMALLCAP World Fnd R2 | 192,359 |
| American Funds | American Funds Wash Mutual Invstr R2 | 38,338 |
| American Funds | American Funds Fundamental Invest R2 | 93,852 |
| American Funds | American Funds Capital Wld Bnd Fund R2 | 119,138 |
| Seligman | Seligman Emerging Markets Fund Class D | 456,522 |
| Oppenheimer | Oppenheimer Small- & Mid-Cap Value Fd C | 128,205 |
| Common/ Collective Trust | | |
| Frontier Trust Company | Contribution Account | 87 |
| Participant Loans | Various rates and maturities | 21,699 |
| Money Market funds | | |
| American Funds | American Funds Cash Mgmt Trust R2 | 789,738 |
| | | $ 4,002,563 |




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Official Use Only

**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 sections 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

**2007**

**This Form is Open to Public Inspection.**

For calendar year 2007 or fiscal plan year beginning 01/01/2007 , and ending 12/31/2007 ,

| | |
|---|---|
| **A** Name of plan<br>NSG TECHNOLOGY, INC 401(K) PLAN | **B** Three-digit plan number ▶ 001 |
| **C** Plan sponsor's name as shown on line 2a of Form 5500<br>NSG TECHNOLOGY, INC | **D** Employer Identification Number<br>77-0416181 |

## 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 | $ 0 |
| 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). 45-0404698 | | |
| | **Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.** | | |
| 3 | Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year | 3 | |

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

| | | | |
|---|---|---|---|
| 4 | Is the plan administrator making an election under Code section 412(c)(8) or ERISA section 302(c)(8)? | | ☐ Yes ☐ No ☐ N/A |
| | **If the plan is a defined benefit plan, go to line 7.** | | |
| 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 ▶ | | Month_____ Day_____ Year_____ |
| | **If you completed line 5, complete lines 3, 9, and 10 of Schedule B and do not complete the remainder of this schedule.** | | |
| 6a | Enter the minimum required contribution for this plan year | 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 7 and 8 and complete line 9.** | | |
| 7 | If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure 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 |

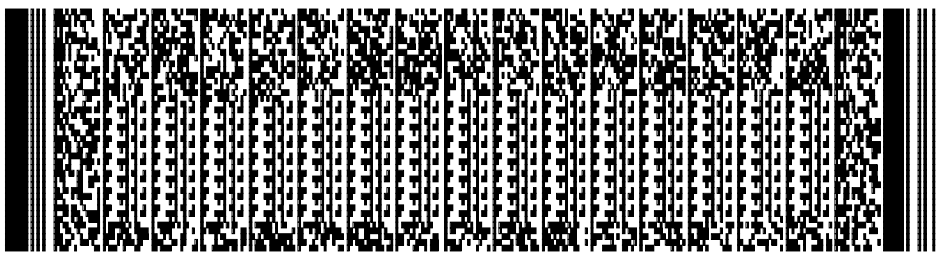
## Part III Amendments

| | | |
|---|---|---|
| 8 | 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(es). If no, check the "No" box. (See instructions.) | ☐ Increase ☐ Decrease ☐ No |

## Part IV Coverage (See instructions.)

| | | | |
|---|---|---|---|
| 9 | Check the box for the test this plan used to satisfy the coverage requirements | ☐ the ratio percentage test | ☐ average benefit test |





2 2 0 7 3 2 0 1 0 H



**Attachment to 2009 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** NSG TECHNOLOGY, INC 401(K) PLAN **EIN:** 77-0416181
**Plan Sponsor's Name** NSG TECHNOLOGY, INC **PN:** 001

| (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 Funds | American Funds EuroPacific Growth R2 | 0 | 451,791 |
| | American Funds | American Funds New World Fund R2 | 0 | 350,303 |
| | American Funds | American Funds SMALLCAP World Fnd R2 | 0 | 192,359 |
| | American Funds | American Funds Cap Wld Growth Inc R2 | 0 | 263,541 |
| | American Funds | American Funds New Perspective R2 | 0 | 158,552 |
| | American Funds | American Funds Growth Fnd of Amer R2 | 0 | 295,021 |
| | American Funds | American Funds New Economy Fund R2 | 0 | 133,038 |

**Attachment to 2009 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** _____ **EIN:** _____
**Plan Sponsor's Name** _____ **PN:** _____

| (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 Funds | American Funds Fundamental Invest R2 | 0 | 93,852 |
| | American Funds | American Funds Investment Co Amer R2 | 0 | 68,329 |
| | American Funds | American Funds Wash Mutual Invstr R2 | 0 | 38,338 |
| | American Funds | American Funds Income Fnd of Amer R2 | 0 | 61,661 |
| | American Funds | American Funds Amer Balanced Fund R2 | 0 | 35,260 |
| | American Funds | American Funds High Income Trust R2 | 0 | 80,140 |
| | American Funds | American Funds Bond Fund of Amer R2 | 0 | 44,325 |

**Attachment to 2009 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** NSG TECHNOLOGY, INC 401(K) PLAN **EIN:** 77-0416181
**Plan Sponsor's Name** NSG TECHNOLOGY, INC **PN:** 001

| (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 Funds | American Funds Capital Wld Bnd Fund R2 | 0 | 119,138 |
| | American Funds | American Funds Cap Income Builder R2 | 0 | 217,570 |
| | American Funds | American Funds American Mutual Fd R2 | 0 | 3,094 |
| | American Funds | American Funds Cash Mgmt Trust R2 | 0 | 789,738 |
| | Oppenheimer | Oppenheimer Small- & Mid- Cap Value Fd C | 0 | 128,205 |
| | Seligman | Seligman Emerging Markets Fund Class D | 0 | 456,522 |
| | Participants Loan Account | Various rates and maturities | 0 | 21,699 |

**Attachment to 2009 Form 5500**
**Schedule H, line 4i - Schedule of Assets (Held at End of Year)**

**Plan Name** NSG TECHNOLOGY, INC 401(K) PLAN **EIN:** 77-0416181
**Plan Sponsor's Name** NSG TECHNOLOGY, INC **PN:** 001

| (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 |
|---|---|---|---|---|
| | Frontier Trust Company | Contribution Account | 0 | 87 |
| | | | | |
| | | | | |
| | | | | |
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