

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
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Part I	Annual Report Identification Information		
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 09/30/2009			
A This return/report is for:	☐ a multiemployer plan;	☐ a multiple-employer plan; or	
	☒ a single-employer plan;	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report;	☒ the final return/report;	
	☐ an amended return/report;	☒ a short plan year return/report (less than 12 months).	
C If the plan is a collectively-bargained plan, check here.	☐		
D Check box if filing under:	☒ Form 5558;	☐ automatic extension;	☐ the DFVC program;
	☐ special extension (enter description)		

Part II	Basic Plan Information —enter all requested information		
1a Name of plan MYKOTRONX, INC. 401(K) PROFIT SHARING PLAN 2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) SAFENET, INC. 4690 MILLENNIUM DRIVE - SUITE 400 BELCAMP, MD 21017	1b Three-digit plan number (PN) ► 002	1c Effective date of plan 01/01/1990	
	2b Employer Identification Number (EIN) 52-1287752		
	2c Sponsor's telephone number 410-931-7500		
	2d Business code (see instructions) 334110		

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.	07/13/2010	MARCI HOVEN
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	07/13/2010	MARCI HOVEN
	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") SAFENET, INC. 4690 MILLENNIUM DRIVE - SUITE 400 BELCAMP, MD 21017	3b Administrator's EIN 52-1287752 3c Administrator's telephone number 410-931-7500
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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
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5 Total number of participants at the beginning of the plan year	5	276
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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	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
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	
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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 3E 3H

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) ☒ 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
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 09/30/2009		
A Name of plan MYKOTRONX, INC. 401(K) PROFIT SHARING PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 SAFENET, INC.	D Employer Identification Number (EIN) 52-1287752	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
BANK OF AMERICA, N.A.
94-1687665

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

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

MERRILL LYNCH, PIERCE, FENNER AND S

13-5674085

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 52 56 59 60 62 63 72	RECORDKEEPER	890	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☐

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

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

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

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

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

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

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

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

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

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

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 01/01/2009 and ending 09/30/2009

A Name of plan <u>MYKOTRONX, INC. 401(K) PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SAFENET, INC.</u>	D Employer Identification Number (EIN) <u>52-1287752</u>

Part I	Asset and Liability Statement
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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)	<u>295</u>	
(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)	<u>189624</u>	
(9) Value of interest in common/collective trusts	1c(9)	<u>2365309</u>	
(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)	<u>10801690</u>	
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	13356918	0

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 through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	13356918	0
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	652552	
(B) Participants	2a(1)(B)	756454	
(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)		1409006

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)	9101	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		9101

(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)	64599	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		64599

(3) Rents	2b(3)		
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(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)		403954
(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)		2401225
c Other income.....	2c		2140
d Total income. Add all income amounts in column (b) and enter total.....	2d		4290025

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	708454	
(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)		708454
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		43664
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)	899	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		899
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		753017

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3537008
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		16893926

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: RAIMONDO PETTIT GROUP

(2) EIN: 33-0532641

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

- 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: 0

- 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)
SAFENET, INC. 401(K) PLAN	52-1287752	001

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 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 09/30/2009

A Name of plan <u>MYKOTRONX, INC. 401(K) PROFIT SHARING PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SAFENET, INC.</u>	D Employer Identification Number (EIN) <u>52-1287752</u>

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	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>22-3513863</u> <u>94-1687665</u> Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

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

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	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 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(es). 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

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

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 items 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 items 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 items 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 items 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 items 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 items 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 item 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 items (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 item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Audited Financial Statements

**Mykotronx, Inc.
401(k) Profit Sharing Plan**

Period Ended September 30, 2009 and December 31, 2008

Mykotronx, Inc. 401(k) Profit Sharing Plan

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Independent Auditors' Report

To the Plan Administrative Committee of the
Mykotronx, Inc. 401(k) Profit Sharing Plan
Torrance, California

We were engaged to audit the financial statements of the Mykotronx, Inc. 401(k) Profit Sharing Plan (the "Plan") as of September 30, 2009 and December 31, 2008 and the related statement of changes in net assets available for benefits for the period from January 1, 2009 to September 30, 2009. These financial statements 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 Administrative Committee (the "Committee") instructed us not to perform, and we did not perform, any auditing procedures with respect to the information which was certified by the trustee of the Plan, Merrill Lynch Bank & Trust Company, except for comparing the information with the related information included in the financial statements. The Committee has informed us that the Trustee holds the Plan's investment assets and executes investment transactions. The Committee has obtained a certification from the trustee as of September 30, 2009 and December 31, 2008 and for the period from January 1, 2009 to September 30, 2009, that the information provided to the Committee by the trustee is complete and accurate.

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

Raimondo Pettit Group

Torrance, California
July 9, 2010

Mykotronx, Inc.
401(k) Profit Sharing Plan

Statements of Net Assets Available for Benefits

	September 30, 2009	December 31, 2008
Assets		
Investments at fair value:		
Interest bearing cash	\$ -	\$ 295
Investments	-	13,166,999
Participant loans	-	189,624
Total investments	-	13,356,918
Receivables:		
Employer contributions	-	643,310
Total receivables	-	643,310
Net assets available for benefits at fair value	-	14,000,228
Adjustment from fair to contract value for interest in collective trust relating to fully benefit-responsive investment contract	-	381,856
Net assets available for benefits	\$ -	\$ 14,382,084

See accompanying notes to financial statements.

Mykotronx, Inc.
401(k) Profit Sharing Plan

Statement of Changes in Net Assets Available for Benefits
For the Nine Months Ended September 30, 2009

Additions to Net Assets Attributed to:

Contributions:		
Participants	\$	756,454
Employer		9,242
<hr/>		
Total contributions		765,696
<hr/>		
Investment income:		
Interest		9,101
Other income		2,140
Net appreciation in fair value of investments		2,487,922
<hr/>		
Total investment income		2,499,163
<hr/>		
Total additions to net assets		3,264,859

Deductions from Net Assets Attributed to:

Benefits paid to participants	752,118
Administrative expenses	899
<hr/>	
Total deductions from net assets	753,017
<hr/>	
Net increase before transfer out to parent plan	2,511,842
<hr/>	
Transfer out to parent plan	(16,893,926)
<hr/>	
Net assets available for benefits, beginning of year	14,382,084
<hr/>	
Net assets available for benefits, end of year	\$ -

See accompanying notes to financial statements.

Mykotronx, Inc.
401(k) Profit Sharing Plan
Notes to Financial Statements
As of September 30, 2009 and December 31, 2008

1. Description of Plan

General

The following description of the Mykotronx Inc. (the "Company") 401(k) Profit Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan covering all full-time employees of Rainbow Technologies, Inc. and Mykotronx, Inc. who are not leased employees or non-resident aliens and have at least three months of service. The Plan went into effect on January 1, 1991 and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Effective May 2009, SafeNet's Board of Directors approved the merger of the Plan into the SafeNet, Inc. 401(k) Plan. In September 2009, the merger took place and by September 30, 2009, all Plan assets had been transferred into the SafeNet, Inc. 401(k) Plan which is also held by Merrill Lynch.

Plan Administration

The Plan is managed by an Administrative Committee (the "Committee") consisting of several members of management of the Company and its parent acting as investment and administrative fiduciaries. Merrill Lynch Bank & Trust Company is the Plan's trustee ("Trustee") and recordkeeper. The Trust Agreement establishes that the trustee hold, administer and distribute the funds of the Plan in accordance with the provisions of the Plan and instructions of the Committee or its designees. Discretionary authority for the purchase and sale of investments is vested with the Trustee.

Contributions

Participants may contribute up to 100% of their eligible annual compensation, not to exceed the maximum allowed by the Internal Revenue Code (the "Code") totaling \$16,500 in 2009. Participants may also contribute amounts representing distributions from other qualified plans. The Company matches 50% of eligible compensation not to exceed a \$6,000 contribution per participant per year. Participants must be employed as of the last day of the Plan year to be eligible for any matching contributions that may be made for that Plan year. Additional amounts may be contributed at the option of the Company's board of directors. There were no additional employer contributions made to the participants for 2009 due to the merger into the Parent plan, as discussed above. Any required contribution for 2009 would be made after the end of the plan year by the Parent.

Effective April 1, 2008, the Plan was amended to allow for auto-enrollment of eligible participants at 2% of eligible compensation into an approved default investment fund.

Catch-Up Contributions

Participants who have attained age fifty prior to the end of a plan year are eligible to make pre-tax catch-up contributions to the Plan. During 2009, the total amount of catch-up contributions for the Plan year may not exceed \$5,500.

Mykotronx, Inc.
401(k) Profit Sharing Plan
Notes to Financial Statements
As of September 30, 2009 and December 31, 2008

1. Description of Plan (Continued)

Participant Accounts

An account is maintained for each participant and is credited with the participant's contributions, the Company's contributions, and an allocation of earnings and expenses, net of certain investment management fees. Participants may direct the investment of their account in any investment fund maintained by the Plan. The Company's matching contribution is allocated among the funds within each participant account in the same manner as the employee's contribution. Investment income is allocated daily among eligible participants in the ratio which the dollar value of the respective participant's interest in the specific investment bears to the dollar value of all participants' interests in that investment. A participant is entitled to the benefit provided from their account.

Investment Options

Investments in the Plan consist primarily of interests in registered investment companies managed by the Plan's Trustee. Upon enrollment in the Plan participants may direct employer and participant contributions in increments of 1% in any of the investment options offered under the Plan. Participants may change their investment options at any time.

Vesting

Participants are immediately vested in their contributions, the Company's contributions, and earnings thereon.

Participant Loans

The Plan allows for loans to participants that cannot exceed the lesser of 50% of the participant's vested account or \$50,000. All loans are to be paid back over a period not to exceed five years, excluding loans to acquire the participant's principal residence, which may be paid back over a reasonable period of time in excess of five years. Loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local market rates for similar loans.

Hardship Withdrawals

Participants may receive hardship withdrawals against their account balance for immediate and heavy financial needs such as unreimbursed medical expenses, the purchase of a principal residence, to prevent eviction or foreclosure on their personal residence or to pay for post-secondary education expenses. The minimum hardship withdrawal is \$1,000. The participant's pretax contributions to the Plan are suspended for six months after the receipt of the hardship withdrawal.

Mykotronx, Inc.
401(k) Profit Sharing Plan
Notes to Financial Statements
As of September 30, 2009 and December 31, 2008

1. Description of Plan (Continued)

Payment of Benefits

As defined by the Plan, upon termination of service, a participant may receive a lump sum amount equal to the value of his or her account, or upon death, disability or retirement, elect to receive periodic installments.

Income Tax Status

The Plan has adopted the Merrill Lynch Non-standardized Prototype Defined Contribution Plan which received a favorable opinion letter from the Internal Revenue Service dated March 31, 2008. The Plan has been amended since that date; however, the Plan administrator and the Plan's tax counsel believe that the Plan was designed and operated in compliance with the applicable requirements of the Internal Revenue Code and is therefore exempt from income taxes.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Concentration of Credit Risk

The Plan's investments include primarily registered investment company mutual funds that represent obligations by the counterparties to meet the terms of the financial instruments. Should one or more of the counterparties default, the Plan might lose amounts up to the recorded carrying value of the related instruments.

Risks and Uncertainties

The Plan provides for various investment options in mutual funds and other securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risks in the near term would materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits and the statement of changes in net assets available for benefits.

Mykotronx, Inc.
401(k) Profit Sharing Plan
Notes to Financial Statements
As of September 30, 2009 and December 31, 2008

2. Summary of Significant Accounting Policies (Continued)

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. The shares of mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end. Participant loans are valued at amortized cost which management believes approximates their fair value. (See Note 4.)

The Plan's interest in the collective trust is based on the fair value of the collective trust's underlying investments based on information reported by the investment advisor using the audited financial statements of the collective trust at year-end. As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), 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 Plan invests in investment contracts through a collective trust. Contract value for this collective trust is based on the net asset value of the fund as reported by the investment advisor. As required by the FSP, the statements of net assets available for benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The statement of changes in net assets available for benefits is prepared on a contract value basis.

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.

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Contributions

Participant contributions are recorded by the Plan in the year withheld from participant earnings. Contributions to the Plan by the Company are recorded in the year which they become obligations of the Company. As noted above, there were no employer contributions for 2009 due to the Plan merger.

Payment of Benefits

Benefits are recorded when paid.

Mykotronx, Inc.
401(k) Profit Sharing Plan
Notes to Financial Statements
As of September 30, 2009 and December 31, 2008

2. Summary of Significant Accounting Policies (Continued)

Administrative Expenses

Administrative expenses of the Plan can be paid out of Plan assets however the Company pays for virtually all of such expenses (see Note 5). Management fees and transaction costs associated with the investment options are included by the Trustee in net appreciation in fair value of investments.

Recent Accounting Guidance

On January 1, 2008, the Plan adopted authoritative guidance which clarifies the definition of fair value, establishes a framework for measuring fair value and expands the disclosure on fair value measurements. (See Note 4.)

For this short plan year, the Plan adopted the Financial Accounting Standard Board's ("FASB") update to general standards on accounting for disclosures of events that occur after the balance sheet date but before the financial statements are issued or are available to be issued. The guidance is effective for interim and annual reporting periods ending after June 15, 2009. The adoption of the guidance did not materially impact the Plan's financial statements. (See Note 7.)

3. Summary of Investment Data Certified by the Plan Trustee

The Plan's investments were held by Merrill Lynch Bank & Trust Company (the "Trustee") at September 30, 2009 and December 31, 2008. The following summary of investment information was certified to be complete and accurate by the Plan's Trustee within the meaning of CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA:

	September 30, 2009	December 31, 2008
Merrill Lynch Retirement Preservation Trust**	\$ -	\$ 2,747,165*
Merrill Lynch Hartford Capital Appreciation Fund	-	1,364,936*
Merrill Lynch Blackrock Large Cap Value Fund	-	1,245,699*
Merrill Lynch Van Kampen Equity & Income Fund	-	1,034,736*
Merrill Lynch Blackrock S&P 500 Index Fund	-	987,554*
Thornburg International Value Fund	-	921,943*
Loomis Sayles Investment Grade Fund	-	850,991*
Other mutual funds	-	4,395,831
Participant loans	-	189,624
Interest bearing cash	-	295
Total investments	\$ -	\$ 13,738,774

* Investment represents 5% or more of the Plan's net assets as of the end of the Plan year.

**The fair value of this investment as of December 31, 2008 was \$2,365,309.

Mykotronx, Inc.
401(k) Profit Sharing Plan
Notes to Financial Statements
As of September 30, 2009 and December 31, 2008

3. Summary of Investment Data Certified by the Plan Trustee (continued)

Period ended September 30, 2009

Investment income:

Interest income (including participant loans)	\$ 9,101
Other income	2,140
Net appreciation in the fair value of investments	2,487,922
<hr/>	
Total investment income	\$ 2,499,163

4. Fair Value Measurements

The authoritative guidance issued by the FASB provides a definition of fair value, establishes a framework for measuring fair value and expands the disclosure on fair value measurements. It defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset's 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. Under the guidance, the three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices for identical assets or liabilities in active markets.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used since December 31, 2008.

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Plan at year-end.

Collective trust: Valued at the relative fair value of the underlying market value of trust investments

Participant loans: Valued at amortized cost, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different

Mykotronx, Inc.
401(k) Profit Sharing Plan
Notes to Financial Statements
As of September 30, 2009 and December 31, 2008

4. Fair Value Measurements (Continued)

methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008 (There were no assets held as of September 30, 2009):

Assets at Fair Value as of December 31, 2008				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$10,801,985	\$ -	\$ -	\$10,801,985
Collective trust	-	2,365,309	-	2,365,309
Participant loans	-	-	189,624	189,624
Total assets at fair value	\$10,801,985	\$2,365,309	\$189,624	\$13,356,918

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the period ended September 30, 2009:

	<u>Participant loans</u>
Balance, beginning of year	\$ 189,624
Realized gains/ (losses)	-
Unrealized gains/ (losses) relating to instruments still held at the reporting date	-
Purchases, sales, issuances and settlements, net	(34,946)
Transfers to parent plan	(154,678)
	<u>\$ -</u>

5. Party-in-Interest Transactions

The Plan allows for transactions with certain parties who may perform services or have fiduciary responsibilities to the Plan. Certain Plan investments are shares of mutual funds managed by the Trustee of the Plan. The Plan issues loans to participants, which are secured by the balances in the participant's accounts. The Company paid certain administrative expenses of the Plan, primarily recordkeeping and audit fees of approximately \$15,620 during the period ended September 30, 2009. These transactions qualify as party in interest transactions for which a statutory exemption exists.

Mykotronx, Inc.
401(k) Profit Sharing Plan
Notes to Financial Statements
As of September 30, 2009 and December 31, 2008

6. Reconciliation of Financial Statements to Form 5500

As the Plan's Form 5500 is presented using the cash basis of accounting and the financial statements are presented on the accrual basis of accounting, the following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of September 30, 2009 and December 31, 2008, respectively:

	2009	2008
Net assets available for benefits per the financial statements	\$ -	\$ 14,382,084
Less: Adjustment for fair value to contract value for fully benefit-responsive investment contract	-	(381,856)
Less: Contributions receivable – employer	-	(643,310)
Net assets available for benefits per Form 5500	\$ -	\$ 13,356,918

The following is a reconciliation of investment income and contributions received per the financial statements to the Form 5500:

Period Ended September 30, 2009

Investment income per the financial statements	\$ 2,499,163
Add: Adjustment for fair value to contract value for fully benefit-responsive contract at December 31, 2008	381,856
Earnings on investments received per Form 5500	\$ 2,881,019

Period Ended September 30, 2009

Employer contributions received per the financial statements	\$ 9,242
Add: Contributions receivable at December 31, 2008	643,310
Employer contributions received per Form 5500	\$ 652,552

7. Subsequent Events

The Plan had no subsequent events to report. In providing the disclosure contained in this note, the Plan evaluated events occurring between the end of the plan year and July 9, 2010, the date the accompanying financial statements became available to be issued.

STATEMENT OF ASSETS
FOR THE PERIOD 01/01/2009 - 09/30/2009

MYKOTRONX, INC.
401(K) PROFIT SHARING PLAN
CONSOLIDATION

Investment Category	Shares/ Units	Price/ NAV	Cost/Book Value	Market Value	% Total Value
INVESTMENT TOTAL			0.00	0.00	0.00%
UNINVESTED CASH			0.00	0.00	0.00%
ACCRUED INCOME			0.00	0.00	0.00%
CASH			0.00	0.00	0.00%
TOTAL ASSETS			0.00	0.00	0.00%

The balance in the cash fund may be temporarily invested in the CMA Money Fund. Additional amounts not reported as cash may also be invested in the CMA Money Fund pending settlement of trades.

Balances include the effect of pending trades

