

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
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 <u>MURAD, INC. 401(K) SAVINGS PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>01/01/1994</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>MURAD SKIN RESEARCH LABORATORIES, INC.</u> <u>2121 ROSECRANS AVENUE, 5TH FLOOR</u> <u>EL SEGUNDO, CA 90245-4745</u>	2b Employer Identification Number (EIN) <u>95-4299353</u> 2c Sponsor's telephone number <u>310-726-0600</u> 2d Business code (see instructions) <u>446190</u>

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	<u>Filed with authorized/valid electronic signature.</u>	<u>10/12/2012</u>	<u>MARGARETT GAAL</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	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

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

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") MURAD SKIN RESEARCH LABORATORIES, INC. 2121 ROSECRANS AVENUE, 5TH FLOOR EL SEGUNDO, CA 90245-4745	3b Administrator's EIN 95-4299353 3c Administrator's telephone number 310-726-0600
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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	396
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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	338
b Retired or separated participants receiving benefits.....	6b	58
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	396
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	396
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	269
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	14

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 2R 2T 3D

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
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>MURAD, INC. 401(K) SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MURAD SKIN RESEARCH LABORATORIES, INC.</u>	D Employer Identification Number (EIN) <u>95-4299353</u>

Part I Service Provider Information (see instructions)

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

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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)

CITY NATIONAL BANK

95-1780067

(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 19 21 25 34 37 38 59 60 62 63 64 65 71	RECORDKEEPER/T RUSTEE	8878	Yes ☒ No ☐	Yes ☐ No ☒	4442	Yes ☒ No ☐

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

NATIONAL FINANCIAL SERVICES LLC

04-3523567

(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?
19 33 57 59 62 63 71	SUBCONTRACTOR OF CNB	305	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

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

US BANK

41-0255900

(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?
19 62	SUBCONTRACTOR OF CNB	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

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)

UNION BOND & TRUST CO.

93-6274329

(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?
28 33 59 62 64 65 68	NONE	0	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 ☐

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
CITY NATIONAL BANK	62	0
(d) Enter name and EIN (address) of source of indirect compensation CITY NATIONAL BANK 95-1780067		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. INTEREST ON EXCESS BALANCES (I.E. FLOAT) HELD AT FED RESERVE BANKS ESTIMATED TO BE FED FUNDS TARGET RATE (0% TO 0.25%) REQUIRED TO BE PAID ON FUNDS.		
NATIONAL FINANCIAL SERVICES LLC	62	0
(d) Enter name and EIN (address) of source of indirect compensation NATIONAL FINANCIAL SERVICES LLC 04-3523567		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. MAY EARN INTEREST (FLOAT) FROM THE USE OF PENDING AMOUNTS SUCH AS ITEMS PENDING SETTLEMENT. FLOAT EARNS WILL PENDING SETTLEMENT. FLOAT EARNS WILL FEDERAL FUNDS TARGET RATES.		
US BANK	62	0
(d) Enter name and EIN (address) of source of indirect compensation US BANK 41-0255900		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. US BANK MAY RETAIN INCOME ON THE "FLOAT" AS COMP FOR CUSTODY SERVICES. THE FLOAT RATE IS GENERALLY NO MORE THAN THE FEDERAL FUNDS TARGET RATES OF INTEREST.		

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
UNION BOND & TRUST CO.	28 33	0

(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.
UNION BOND & TRUST CO. 93-6274329	FEES AND EXPENSES FOR HOLDING AND VALUING THE FUND, FINANCIAL REPORTING, TRADE SETTLEMENTS, AND INVESTMENT ADVISORY WERE APPROXIMATELY 0.25% OF THE VALUE IN THE FUND.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
UNION BOND & TRUST CO.	59 62 64 65 68	0

(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.
UNION BOND & TRUST CO. 93-6274329	UNION BOND & TRUST RECEIVES BETWEEN 0.12% AND 0.25% ANNUALLY BASED ON THE PLAN ASSETS IN THE FUND.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
UNION BOND & TRUST CO.	65	0

(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.
UNION BOND & TRUST CO. 93-6274329	SERVICE FEES RANGE BETWEEN 0.00% AND 0.75% OF THE VALUE FOR RECORDKEEPING OF UNITS FOR EACH PLAN AND TRANSMITTING ASSETS BETWEEN PLANS AND UB&T.

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:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan 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 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2011</div> This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning	01/01/2011	and ending	12/31/2011
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A Name of plan MURAD, INC. 401(K) SAVINGS PLAN	B Three-digit plan number (PN)	► 001
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C Plan or DFE sponsor's name as shown on line 2a of Form 5500 MURAD SKIN RESEARCH LABORATORIES, INC.	D Employer Identification Number (EIN) 95-4299353
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Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a	Name of MTIA, CCT, PSA, or 103-12 IE: MORLEY FIN STBL VLU-50 BP FE
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b	Name of sponsor of entity listed in (a): MORLEY TRUST COMPANY
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c EIN-PN 93-6274329-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1007405
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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)
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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)
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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)
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a	Name of MTIA, CCT, PSA, or 103-12 IE:
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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)
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a	Name of MTIA, CCT, PSA, or 103-12 IE:
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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)
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a	Name of MTIA, CCT, PSA, or 103-12 IE:
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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)
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a	Name of MTIA, CCT, PSA, or 103-12 IE:
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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
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
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
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
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)

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
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>MURAD, INC. 401(K) SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MURAD SKIN RESEARCH LABORATORIES, INC.</u>	D Employer Identification Number (EIN) <u>95-4299353</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)	<u>58</u>	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	<u>10093</u>	<u>41624</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)		<u>200000</u>
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	<u>125701</u>	<u>175039</u>
(9) Value of interest in common/collective trusts.....	1c(9)	<u>786768</u>	<u>1007405</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>5631725</u>	<u>5995031</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	6554345	7419099

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		48506
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	48506

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	6554345	7370593
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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)	356543	
(B) Participants	2a(1)(B)	943512	
(C) Others (including rollovers)	2a(1)(C)	64313	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1364368

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	11	
(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)	7527	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		7538

(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)	168865	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		168865

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	213442	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	213442	
(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)		16370
(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)		-392933
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		1164208

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	338778	
(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)		338778
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)	8626	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	556	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		9182
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		347960

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		816248
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: GROSSMAN AND BARBAUM CPAS

(2) EIN: 20-5985656

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.			
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)

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 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>MURAD, INC. 401(K) SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>MURAD SKIN RESEARCH LABORATORIES, INC.</u>	D Employer Identification Number (EIN) <u>95-4299353</u>

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

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>95-1780067</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)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
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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.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

**Murad, Inc.
401(k) Savings Plan**

**Independent Auditors' Report
And Financial Statements with
Supplemental Information**

December 31, 2011



GROSSMAN & BARNBAUM

CPAs

20631 Ventura Boulevard, Suite 203 • Woodland Hills, California 91364 • 818-340-4511 • fax 818-888-8740

To the Administrative Committee of Murad, Inc.
401(k) Savings Plan

We were engaged to audit the statement of net assets available for benefits of Murad, Inc. 401(k) Savings Plan as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011 and the supplemental schedule as of December 31, 2011. These financial statements and the supplement schedule are the responsibility of the Plan's administrator.

As permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employment Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 6, which was certified by City National Bank for 2011, Custodians of the Plan's assets, except for comparing the information with the related information included in the financial statements and the supplemental schedule. We have been informed by the Plan administrator that the Custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained certification from the Custodian as of December 31, 2011 and 2010 that the information provided to the Plan administrator by the Custodian 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 and supplemental schedule. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Custodian, has been audited by us in accordance with auditing standards generally accepted in the United States of America and, in my opinion, is presented in compliance with the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Grossman & Barnbaum CPAs

August 24, 2012

Murad, Inc. 401(k) Savings Plan
Statement of Net Assets Available for Benefits
December 31,

	<u>2011</u>	<u>2010</u>
INVESTMENTS		
Mutual fund investments, at fair market value	\$ 5,995,031	\$ 5,631,725
Common/Collective trusts, at fair market value	1,007,405	786,768
Notes receivable-participant loans	175,039	125,701
Partnership investment	200,000	-
Interest-bearing cash and money market accounts	41,624	10,093
Total Investments	<u>7,419,099</u>	<u>6,554,287</u>
 MISCELLANEOUS RECEIVABLE		 58
 MISCELLANEOUS (LIABILITY)	 <u>(48,506)</u>	
 NET ASSETS AVAILABLE FOR BENEFITS	 <u><u>\$ 7,370,593</u></u>	 <u><u>\$ 6,554,345</u></u>

See accountants' report.

The accompanying notes are an integral part of these financial statements.

Murad, Inc. 401(k) Savings Plan
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2011

ADDITIONS

Additions to net assets attributed to:

Investment income

Dividends	\$ 168,865
Net (decrease) in fair market value of registered investment companies	(392,933)
Net increase in fair market value of common/collective trusts	16,370
Interest	7,538
	<u>(200,160)</u>

Contributions

Participants	943,512
Employer	356,543
Other	64,313
	<u>1,364,368</u>

TOTAL ADDITIONS

1,164,208

DEDUCTIONS

Deductions from net assets attributed to:

Benefits paid to participants	338,778
Deemed distributions of participant loans	
Administrative fees	<u>9,182</u>

TOTAL DEDUCTIONS

347,960

NET INCREASE

816,248

NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	<u>6,554,345</u>
End of year	<u><u>\$ 7,370,593</u></u>

See accountants' report.

The accompanying notes are an integral part of these financial statements.

Murad, Inc. 401(k) Savings Plan
Notes to Financial Statements
December 31, 2011

NOTE 1 – DESCRIPTION OF PLAN

The following description of the Murad, Inc. 401(k) Savings Plan (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description.

General - The plan was formed in 1994 to provide certain benefits to the employees of Murad Skin Research Laboratories, Inc. (The “Company” or “Sponsor”). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and subsequent amendments.

Contributions - Plan participants may contribute up to 25% of their annual compensation, as defined in the Plan agreement, subject to limits established by Internal Revenue Service regulations. In addition, the Company contributes 50% of the participant’s contribution up to a maximum amount of \$3,000.

Participation - Each employee is eligible to participate after attainment of age 21 and the completion of six months of service.

Vesting - Participants are fully vested in their accounts with respect to salary deferred contributions and related earnings. Participants vest in the remainder of their account balances based on the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
After 1 completed year	20%
After 2 completed years	40%
After 3 completed years	60%
After 4 completed years	80%
After 5 th completed year	100%

Payment of benefits and participant loans – Upon retirement, disability, death, or termination of service, a participant (or beneficiary) may elect to receive either a lump-sum amount equal to the value of his or her account or convert the account balance to an annuity. Other withdrawals and loans from the Plan may be made under certain circumstances, as defined in the Plan agreement and permitted under ERISA. Loans to participants are collateralized by the participant’s vested account balance. Interest rates on participant loans are determined by the Plan administrator based on prevailing interest rates for collateralized loans at the time the loan is made. Interest rates on participant loans range from 4.25% to 9.25% as of December 31, 2011.

See accountants' report.

Murad, Inc. 401(k) Savings Plan
Notes to Financial Statements
December 31, 2011
(Continued)

NOTE 1 – DESCRIPTION OF PLAN (Continued)

Participant-directed investments – Participants may direct their separate accounts into any or all of the investments with the Custodian (Note 3).

Forfeitures – Non-vested Company contributions forfeited by participants upon termination are available to reduce future payments of the Company's contributions.

Participant accounts – Separate accounts are maintained for each participant. Each participant's account is credited with his or her salary deferral contribution, the Company's contribution, and an allocation of Plan earnings. Allocation of earnings is based on the ratio that the participant's allocated share of the Plan's assets, just prior to the allocation of current year contributions, bears to the total of the accounts of all participants.

Plan expenses – Substantially all non-investment costs and administrative expenses of the Plan are paid by the Company, which is a party-in-interest. These expenses are not reflected in these financial statements and constitute exempt party-in-interest transactions under ERISA. Investment service fees are paid by the Plan and are offset against related investment income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of presentation – The Statement of Net Assets Available for Benefits as of December 31, 2011 and 2010 and the related Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2011 have been prepared on the basis of accounting consistent with that of Form 5500.

Valuation of investments – Investments are stated at fair value plus accrued dividend and interest income. Fair value is determined by the fair value of the funds' underlying assets based on the quoted market prices in an active market, if available. For investments without quoted market price, fair value is estimated by the Plan's Custodian.

Participant distributions – Benefits paid to participants are recorded when paid.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's administrator to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

See accountants' report.

Murad, Inc. 401(k) Savings Plan
Notes to Financial Statements
December 31, 2011
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Fair Value

The Plan accounts for its financial instruments using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value measurement hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable. The three levels of the fair value hierarchy are the following:

- Level 1 – Inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are inactive; 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 – Inputs to the valuation that are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. 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 at December 31, 2011 and 2010.

Money market fund – This is a cash equivalent priced at par and classified as Level 1 within the valuation hierarchy.

Mutual funds – This category consists of publicly traded funds of registered investment companies. The net asset value of the mutual fund's shares is quoted on the exchange where the fund is traded and therefore classified as Level 1 within the valuation hierarchy.

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

Murad, Inc. 401(k) Savings Plan
Notes to Financial Statements
December 31, 2011
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

The Plan's Level 1 investments are set forth in the following table, by investment type, the Plan's assets at fair value as of December 31:

	<u>2011</u>	<u>2010</u>
Money Market Mutual Fund	\$ 41,624	\$ 10,093
Mutual Funds		
Blend funds	1,879,257	1,949,985
Value funds	1,441,833	1,211,797
Growth funds	1,148,695	1,165,569
Fixed income funds	1,002,238	710,795
Target date funds	1,530,413	1,380,348
Total mutual funds	7,002,436	6,418,494
Total assets at fair value	<u>\$ 7,044,060</u>	<u>\$ 6,428,587</u>

The Plan's Level 3 partnership investment of \$200,000 was obtained at the end of the Plan year, and accordingly did not have a measurable change in fair value.

NOTE 3 – INVESTMENTS

The Plan invested in certain investments offered by City National Bank in 2011.

In the Statement of Changes in Net Assets Available for Benefits, the Plan presents the net appreciation or depreciation in the fair value of investments, which consists of realized gains or losses and unrealized market value appreciation or depreciation of investments.

Investments in excess of 5% of net assets available for benefits as of December 31, 2011 and 2010 are:

<u>Identity</u>	<u>Description</u>	<u>2011</u>	<u>2010</u>
MORLEY FIN STBL VLU-	STABLE VALUE	1,007,405	786,768
AMERICAN EUROPACIFIC	GROWTH/R4	609,363	714,194
CALAMOS GROWTH FD	CL A#606	724,406	766,423
DREYFUS S & P 500 INDEX	S & P 500 INDEX	1,062,739	1,065,538
FIDELITY ADV FREEDOM	ADV FREEDOM 2040A	432,418	340,723
PIMCO TOTAL RETURN	TOTAL RETURN	661,254	536,399

See accountants' report.

Murad, Inc. 401(k) Savings Plan
Notes to Financial Statements
December 31, 2011
(Continued)

NOTE 4 – PLAN TERMINATION

Although it is currently the intent of the Company to continue the Plan, the Company has the right to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants become 100% vested in their accounts.

NOTE 5 – TAX STATUS

The plan has received a favorable determination letter from the Internal Revenue Service stating that the Plan constitutes a qualified plan that is exempt from Federal income tax under applicable sections of the Internal Revenue Code.

NOTE 6 – INFORMATION CERTIFIED BY THE PLAN CUSTODIAN (Unaudited)

The following unaudited information in the financial statements was certified to be complete and accurate by the Custodians of the Plan's assets within the meaning of 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for reporting and disclosure under ERISA:

- All amounts included as investments in the Statement of Net Assets Available for Benefits as of December 31, 2011 and 2010 (Note 3);
- Investment income and net appreciation (depreciation) in fair value of investment amounts included in the Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2011 and 2010; and
- All amounts enumerated in the Supplemental Schedule of Assets (held at the end of year).

See accountants' report.

SUPPLEMENTAL INFORMATION

Murad, Inc. 401(k) Savings Plan Schedule H, Part IV, Item 4i Schedule of Assets (Held at End of Year) December 31, 2011

(a)	(b)	(c)	(e)
	Identity of issuer, borrower, lessor or similar party	Description of investment, including maturity date, rate of interest, collateral and par or maturity value	Current value
*	CITY NATIONAL BANK	CNI CHARTER PRIME MNY MKT INST #240	\$ 41,624
	MORLEY FIN STBL VLU-	MORLEY FIN STBL VLU-50 BP FEE 25/25	1,007,405
	AMERICAN BALANCED	AMERICAN BALANCED FUND CL R-4	2,138
	AMERICAN CENTURY	AMERICAN CENTURY SMALL CAP VALUE-	30,451
	AMERICAN EUROPACIFIC	AMERICAN EUROPACIFIC GROWTH -R4	609,363
	AMERICAN/NEW WORLD FD	AMERICAN/NEW WORLD FD-R4 # 2436	12,258
	CALAMOS GROWTH FD	CALAMOS GROWTH FD CL A# 606	724,406
	CNI CHARTER GOVT BD	CNI CHARTER GOVT BD FD-INSTL CL #256	162,916
	CNI CHARTER LG CAP V	CNI CHARTER LG CAP VAL EQTY-INST#253	355,515
	COLUMBIA ACORN FUND	COLUMBIA ACORN FUND CL Z #492	274,269
	COLUMBIA ACORN USA-Z	COLUMBIA ACORN USA-Z	129,822
	COLUMBIA MIDCAP VALUE	COLUMBIA MIDCAP VALUE FD CL Z #983	48,462
	DREYFUS MIDCAP INDEX	DREYFUS MIDCAP INDEX FUND# 113	42,461
	DREYFUS S & P 500 INDEX	DREYFUS S & P 500 INDEX FD #078	1,062,739
	DREYFUS SMALL CAP ST	DREYFUS SMALL CAP STOCK INDEX FD #7	98,224
	EAGLE SMALL CAP	EAGLE SMALL CAP GROWTH FD-A	18,059
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2005-A	1,130
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2010-A	4,710
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2015-A	20,034
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2020-A	315,229
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2025-A	184,857
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2030-A	228,324
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2035-A	183,708
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2040-A	432,418
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2045-A	46,085
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM 2050-A	112,121
	FIDELITY ADV FREEDOM	FIDELITY ADV FREEDOM INC-A	91,220
	FIDELITY ADV HIGH IN	FIDELITY ADV HIGH INC ADVA FD A #258	17,069
	FIDELITY ADV TECHNO	FIDELITY ADV TECHNOLOGY CL A 187	54,213
	FIDELITY ADV FREEDOM	FIDELITY ADVISOR FREEDOM 2055-A	1,797
	FRANKLIN TEMPLETON	FRANKLIN TEMPLETON GLOBAL BOND-A	69,779
	PIMCO TOTAL RETURN	PIMCO TOTAL RETURN CL A #4005	661,254
			<hr/> 7,044,060
**	Participant loans	4.25% to 9.25% loans maturing 2012 through 2016 , secured by individual participant balances	175,039
	Partnership investment	BC Baseball Academy LLC	200,000
			<hr/> \$ 7,419,099

* Investments are held by City National Bank, Custodian for the Plan.

** Participants in the Plan.

Note: Cost information is not included above as all investments are participant directed.

See accountants' report.

Murad, Inc. 401(k) Savings Plan

EIN: 95-4299353 PN: 001

ATTACHMENT TO 2011 FORM 5500

SCHEDULE H PART IV, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR) AS OF DECEMBER 31, 2011

(a) (b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	SHARES	(c) DESCRIPTION OF INVESTMENT	(d) COST	(e) CURRENT VALUE
CASH EQUIVALENTS				
* CNI CHARTER PRIME MN	41,624.36	CNI CHARTER PRIME MNY MKT INST #240	^	41,624.36
	41,624.36	TOTAL CASH EQUIVALENTS		41,624.36
COMMON/COLLECTIVE FUNDS				
MORLEY FIN STBL VLU-	43,572.87	MORLEY FIN STBL VLU-50 BP FEE 25/25	^	1,007,404.78
	43,572.87	TOTAL COMMON/COLLECTIVE FUNDS		1,007,404.78
MUTUAL FUNDS				
AMERICAN BALANCED FU	117.53	AMERICAN BALANCED FUND CL R-4	^	2,137.82
AMERICAN CENTURY SMA	3,949.58	AMERICAN CENTURY SMALL CAP VALUE-ADV	^	30,451.25
AMERICAN EUROPACIFIC	17,637.12	AMERICAN EUROPACIFIC GROWTH -R4	^	609,362.50
AMERICAN/NEW WORLD F	266.72	AMERICAN/NEW WORLD FD-R4 # 2436	^	12,258.41
CALAMOS GROWTH FD CL	15,615.57	CALAMOS GROWTH FD CL A# 606	^	724,406.39
* CNI CHARTER GOVT BD	15,211.55	CNI CHARTER GOVT BD FD-INSTL CL #256	^	162,915.72
* CNI CHARTER LG CAP V	43,514.65	CNI CHARTER LG CAP VAL EQTY-INST#253	^	355,514.67
COLUMBIA ACORN FUND	9,951.72	COLUMBIA ACORN FUND CL Z #492	^	274,269.43
COLUMBIA ACORN USA-Z	4,811.78	COLUMBIA ACORN USA-Z	^	129,821.74
COLUMBIA MIDCAP VALU	3,783.15	COLUMBIA MIDCAP VALUE FD CL Z #983	^	48,462.22
DREYFUS MIDCAP INDEX	1,638.12	DREYFUS MIDCAP INDEX FUND# 113	^	42,460.12
DREYFUS S & P 500 IN	30,920.55	DREYFUS S & P 500 INDEX FD #078	^	1,062,739.20
DREYFUS SMALL CAP ST	4,975.88	DREYFUS SMALL CAP STOCK INDEX FD #77	^	98,223.89
EAGLE SMALL CAP GROW	481.71	EAGLE SMALL CAP GROWTH FD-A	^	18,059.27
FIDELITY ADV FREEDOM	103.91	FIDELITY ADV FREEDOM 2005-A	^	1,129.50
FIDELITY ADV FREEDOM	421.64	FIDELITY ADV FREEDOM 2010-A	^	4,709.70
FIDELITY ADV FREEDOM	1,803.21	FIDELITY ADV FREEDOM 2015-A	^	20,033.64
FIDELITY ADV FREEDOM	27,459.01	FIDELITY ADV FREEDOM 2020-A	^	315,229.41
FIDELITY ADV FREEDOM	16,881.94	FIDELITY ADV FREEDOM 2025-A	^	184,857.21
FIDELITY ADV FREEDOM	19,958.38	FIDELITY ADV FREEDOM 2030-A	^	228,323.91
FIDELITY ADV FREEDOM	17,152.91	FIDELITY ADV FREEDOM 2035-A	^	183,707.68
FIDELITY ADV FREEDOM	37,865.00	FIDELITY ADV FREEDOM 2040-A	^	432,418.32
FIDELITY ADV FREEDOM	5,207.38	FIDELITY ADV FREEDOM 2045-A	^	46,085.34
FIDELITY ADV FREEDOM	12,947.02	FIDELITY ADV FREEDOM 2050-A	^	112,121.18
FIDELITY ADV FREEDOM	8,565.28	FIDELITY ADV FREEDOM INC-A	^	91,220.29
FIDELITY ADV HIGH IN	1,835.38	FIDELITY ADV HIGH INC ADVA FD A #258	^	17,069.07
FIDELITY ADV TECHOLO	2,405.17	FIDELITY ADV TECHNOLOGY CL A 187	^	54,212.64

Murad, Inc. 401(k) Savings Plan

EIN: 95-4299353 PN: 001

ATTACHMENT TO 2011 FORM 5500

SCHEDULE H PART IV, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR) AS OF DECEMBER 31, 2011

(a) (b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	SHARES	(c) DESCRIPTION OF INVESTMENT	(d) COST	(e) CURRENT VALUE
FIDELITY ADVISOR FRE	204.68	FIDELITY ADVISOR FREEDOM 2055 FUND-A	^	1,797.13
FRANKLIN TEMPLETON G	5,622.81	FRANKLIN TEMPLETON GLOBAL BOND-A 406	^	69,779.13
PIMCO TOTAL RETURN C	60,832.94	PIMCO TOTAL RETURN CL A #4005	^	661,254.04
	372,142.29	TOTAL MUTUAL FUNDS		5,995,030.82
NOTES, MORTGAGES & CONTRACTS				
PARTICIPANT LOANS				
* MURAD MASTER NOTE	175,038.84	SECURED BY VESTED INTEREST 4.25% to 9.25%	^	175,038.84
	175,038.84	TOTAL PARTICIPANT LOANS		175,038.84
	175,038.84	TOTAL NOTES, MORTGAGES & CONTRACTS		175,038.84
MISCELLANEOUS				
PARTNERSHIPS				
* BC BASEBALL ACADEMY, LLC	152.00	BC BASEBALL ACADEMY, LLC	^	200,000.00
	152.00	TOTAL PARTNERSHIPS		200,000.00
	152.00	TOTAL MISCELLANEOUS		200,000.00
		TOTAL ASSETS		7,419,098.80 =====

* Denotes Party-In-Interest asset

^ Cost Information not provided as assets are part of an individual account plan that participants and beneficiaries directed with respect to assets allocated to his or her account.