

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>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).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2011</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☐ the final return/report;</div><div>☐ an amended return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information	
1a	Name of plan SEPATON, INC. RETIREMENT SAVINGS PLAN	1b Three-digit plan number (PN) ▶ 001
		1c Effective date of plan 01/01/2000
2a	Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) SEPATON, INC 400 NICKERSON ROAD MARLBOROUGH, MA 01752	2b Employer Identification Number (EIN) 04-3285299
		2c Sponsor's telephone number 508-490-7900
		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.	10/15/2012	PAUL MCDERMOTT
	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

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SEPATON, INC 400 NICKERSON ROAD MARLBOROUGH, MA 01752	3b Administrator's EIN 04-3285299 3c Administrator's telephone number 508-490-7900
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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	172
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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	115
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	45
d Subtotal. Add lines 6a , 6b , and 6c	6d	160
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	160
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	106
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 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 SEPATON, INC. RETIREMENT SAVINGS PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 SEPATON, INC	D Employer Identification Number (EIN) 04-3285299

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
FID.INV.INST.OPS.CO.

04-2647786

(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)

SENTINEL SECURITIES INC

04-3527574

(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?
27	ADVISOR	21184	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(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?
64 37 65 60	RECORDKEEPER	675	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 ☐

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)

(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
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
ABF LG CAP VAL INV - STATE STREET B 04-1867445		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.		
0.35%		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
ALL/BERN SMMDCPVL AD - ALLIANCEBERN 13-3211780		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.		
0.25%		
(a) Enter service provider name as it appears on line 2		
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation		
AM CENT EQ GRTH INV - AMERICAN CENT 44-0619208		
(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.		
0.35%		

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.
BLK RK EQUITY DIV I - BNY MELLON INV P.O. BOX 9793 PROVIDENCE, RI 02940	0.25%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.
BLK RK INTL OPP INST - BNY MELLON IN P.O. BOX 9793 PROVIDENCE, RI 02940	0.25%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.
IVK SMALL CAP VAL Y - INVESCO CANAD P.O. BOX 4739 HOUSTON, TX 77210-4739	0.25%

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
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.	
PRU TOT RETURN BD Z - PRUDENTIAL MU 22-3703799	0.25%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	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.	
TRP MID CAP GRTH ADV - T. ROWE PRIC 52-2269240	0.40%	
(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

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

a Name: CCR,LLP	b EIN: 04-3069946
c Position: ACCOUNTANT	
d Address: 1400 COMPUTER DRIVE WESTBOROUGH, MA 01581	e Telephone: 508-926-2492

Explanation: CCR WAS ACQUIRED BY GRANT THORNTON IN 2011. THERE WERE SCHEDULING ISSUES WITH GRANT THORNTON SO THEY COULD NOT DO THE AUDIT BEFORE 10/15/12.

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 H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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 <div style="font-size: 24pt; font-weight: bold;">2011</div> 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>SEPATON, INC. RETIREMENT 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>SEPATON, INC</u>		D Employer Identification Number (EIN) <u>04-3285299</u>

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
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	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)	395484	714850
	(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)	102751	56036
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	3706795	3342236
	(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	4205030	4113122

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	4205030	4113122
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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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)	785929	
(C) Others (including rollovers)	2a(1)(C)	32913	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		818842
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	54	
(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)	5215	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		5269
(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)	120789	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		120789
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(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)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-239014
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		705886

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	775837	
(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)		775837
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	21957	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		21957
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		797794

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-91908
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: **SAMET & COMPANY** (2) EIN: **04-3027605**

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		450000
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:

- 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.
---	--	--

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

A Name of plan <u>SEPATON, INC. RETIREMENT 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>SEPATON, INC</u>	D Employer Identification Number (EIN) <u>04-3285299</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>04-6568107</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 (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

SEPATON, INC. RETIREMENT SAVINGS PLAN

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

As of December 31, 2011 and 2010

TOGETHER WITH AUDITORS' REPORT



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*Certified Public Accountants
Employee Benefit Plan Audits*

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator of
Sepaton, Inc. Retirement Savings Plan

We were engaged to audit the financial statements and supplemental schedule of Sepaton, Inc. Retirement Savings Plan (the "Plan") as of December 31, 2011, and for the year then ended, as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of Plan's management. The financial statements of the Plan as of December 31, 2010, were audited by other auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed the other auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by Fidelity Management Trust Company, the trustee of the Plan. Their report, dated October 13, 2011, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion of the financial statements taken as a whole and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were 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.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information discussed in Note (4), which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the year ended December 31, 2011, that the information provided to the plan administrator 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 and supplemental schedule, taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. 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 trustee, have 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.


Chestnut Hill, Massachusetts
October 6, 2012

- 1 -

Samet & Company PC
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Chestnut Hill, MA 02467

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 Employee Benefit Plan
Audit Quality Center



SEPATON, INC. RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Investments, at fair value	\$ <u>4,057,086</u>	\$ <u>4,102,279</u>
Receivables:		
Notes receivable from participants	56,036	102,751
Participants' contributions	<u>19,007</u>	<u>-</u>
	<u>75,043</u>	<u>102,751</u>
Net assets available for benefits	\$ <u><u>4,132,129</u></u>	\$ <u><u>4,205,030</u></u>



SEPATON, INC. RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2011

Additions to net assets attributed to:

Investment income (loss):

Net depreciation in fair value of investments \$ (239,014)

Interest and dividends 126,058

(112,956)

Contributions:

Participants' contributions 837,849

Total additions 724,893

Deductions from net assets attributed to:

Benefits paid to participants 775,837

Administrative expenses 21,957

Total deductions 797,794

Net decrease (72,901)

Net assets available for benefits, beginning of year 4,205,030

Net assets available for benefits, end of year \$ 4,132,129



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

Note 1 Description of Plan

The following description of the Sepaton, Inc. Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established to provide all U.S. employees of Sepaton, Inc. (the "Company") with retirement benefits in accordance with Sections 401(a) and 401(k) of the Internal Revenue Code ("IRC"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Eligibility

All employees of the Company, other than nonresident aliens with no U.S. source income, residents of Puerto Rico, or employees covered by a collective bargaining agreement which requires employees to be included in the Plan, who have attained the age of 21, are eligible to participate in the Plan.

Participant contributions

Eligible participants may make voluntary contributions through salary reductions from 1% to 60% of eligible pretax annual compensation, limited to the maximum amount allowable under the provisions of the IRC (\$16,500 in 2011). Further, participants who are 50 years of age or older as of December 31, 2011 may contribute an additional "catch up" contribution (\$5,500 in 2011). The Plan currently offers various mutual funds and a money market fund as investment options for participants.

Employer contributions

The Company may, at the discretion of the Board of Directors, make discretionary matching contributions or qualified nonelective contributions ("QNEC's"). For the year ended December 31, 2011, the Company did not make any discretionary matching contributions or QNEC's.

Participants' accounts

Each participant's account is credited with their respective contribution and its allocation of (a) employer contributions and (b) Plan earnings or losses.

Vesting

Participants' voluntary contributions, rollover contributions, discretionary matching contributions, and any earnings thereon vest immediately. Vesting in QNEC's and any earnings thereon occurs ratably over 6 years of credited service (as defined). In the event of death, disability or attainment of age 65, participants' accounts become fully vested.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 1 **Description of Plan (continued)**

Notes receivable from participants

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2010-25 "Plan Accounting-Defined Contribution Pension Plans: Reporting Loans to Participants by Defined Contribution Pension Plans" ("ASU 2010-25"), which clarifies how loans to participants should be classified and measured. Loans are required to be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest.

Participants may borrow up to 50% of their vested account balance with a minimum of \$1,000 and a maximum of \$50,000. Loans are subject to approval by the plan administrator and terms range from one to five years. However, if the loan is to acquire the principal residence of the participant, the term may be extended. Further, loans will bear interest at a reasonable percentage interest rate to be determined by the plan administrator and are secured by the balance in the participant's account. Principal and interest is paid ratably through payroll deductions.

Payment of benefits

Upon termination of employment, retirement, attainment of age 59 ½, death, or disability, the participant or the participant's beneficiary is entitled to receive the vested portion of the participant's account in a single lump-sum, in accordance with Internal Revenue Service ("IRS") regulations and Plan provisions. A participant may also elect to defer payments that would be distributed in the form of an annuity or monthly installments. Withdrawals from the Plan are also available for special "hardship" reasons (as defined). Distributions to participants are recorded when paid.

Forfeitures

The Plan provides that forfeitures, the unvested portion of employer contributions for terminated participants, will first be used to pay administrative expenses of the Plan, if so directed by the Company. To the extent the forfeitures are not used to reduce administrative expenses under the Plan, forfeitures will be used to reduce employer contributions. At December 31, 2011 and 2010, there was no net forfeiture balance.

Note 2 **Summary of significant accounting policies**

The following is a summary of significant accounting policies followed by the Plan.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 2 **Summary of significant accounting policies (continued)**

Investment valuation and income recognition

All Plan investments are stated at fair value. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end.

Realized gains and losses on investments sold and the unrealized appreciation and depreciation of investments held are reported on an average current cost basis, based on fair market value of the investments at the beginning of the Plan year or at the time of purchase during the Plan year.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Use of estimates

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

Administrative expenses

The Company may, at its discretion, pay the expenses incident to administering the Plan. In the event that the Company does not pay the Plan expenses, the expenses shall be paid by the Plan. During 2011, all expenses incurred in the administration of the Plan, other than fund transfer fees and participant loan fees, were charged to and paid by the Plan.

Fair value

Accounting standards provide a common definition of fair value and establish a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure certain financial assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Plan's financial assets reflected in the financial statements at fair value include its investments (Note 9).

Subsequent events

The Plan has evaluated subsequent events through October 6, 2012, which is the date the financial statements were available to be issued.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 3 Investments

Individual investments that represent 5% or more of the Plan's total net assets as of December 31, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Mutual Funds:		
AllianceBernstein Small-Mid Cap Value Advisor Fund	\$ 216,973	\$ **
BlackRock Equity Dividend Fund	224,334	**
BlackRock International Opportunity Fund	505,852	475,506
Fidelity Advisor Freedom 2030 Fund	228,838	210,752
Fidelity Advisor New Insights Fund	594,901	459,784
Fidelity Advisor Small Cap Fund	**	427,740
Fidelity Advisor Strategic Income Fund	448,675	358,192
Fidelity Stock Selector All Cap Fund	**	219,207
Money Market Fund:		
Fidelity Retirement Government Money Market Fund	714,850	395,484

** Investment was not owned or did not represent at least 5% of the Plan's total net asset value as of December 31 of the indicated year.

During the Plan year ended December 31, 2011, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated by \$239,014.

Note 4 Information certified by the Plan's trustee (unaudited)

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Fidelity Management Trust Company ("Fidelity"), the trustee, except for comparing such information certified by the trustee to information included in the Plan's financial statements and supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year):

<u>Investments</u>	<u>2011</u>	<u>2010</u>
Mutual Funds	\$3,342,236	\$3,706,795
Money Market	714,850	395,484



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 4 **Information certified by the Plan's trustee (unaudited) (continued)**

The trustee also certified to the completeness and accuracy of \$239,014 of net depreciation in fair value of investments and \$126,058 of interest and dividend income related to the aforementioned investments for the year ended December 31, 2011.

Note 5 **Risks and uncertainties**

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

Note 6 **Related party transactions**

Certain Plan investments are shares of mutual funds and a money market fund held by Fidelity. Fidelity is the trustee, as defined by the Plan, therefore, these transactions qualify as party-in-interest transactions.

Note 7 **Plan termination**

Although it has not expressed any intent to do so, the Board of Directors of the Company may, at its discretion, terminate the Plan at any time, subject to the provisions set forth in ERISA. In the event that the Plan and the related trust terminate, all accounts will be valued as of the termination date, and all accounts will be distributed in full to participants.

Note 8 **Tax status**

The Plan operates under a prototype plan which has received a favorable opinion letter from the IRS dated March 31, 2008, indicating that the prototype plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended since receiving the determination letter, however, the Company believes that the Plan is currently designed and is being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 8 **Tax status (continued)**

The FASB has issued a standard regarding the accounting and recognition of income tax positions taken or expected to be taken by the Plan. The plan administrator assesses the tax positions taken by the Plan and has concluded that as of December 31, 2011, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

Note 9 **Fair value measurements**

Accounting standards require that financial assets and liabilities, recognized or disclosed in financial statements on a recurring basis (at least annually), be measured at fair value. These standards define 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 and liability in an orderly transaction between market participants on the measurement date.

These standards also establish 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. These standards describe three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. These inputs reflect the Plan's assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when higher level inputs are not available.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 9 Fair value measurements (continued)

The following table summarizes the valuation of the Plan's financial assets at December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Balanced funds	\$ 198,034	\$ -	\$ -	\$ 198,034
Growth funds	2,577,558	-	-	2,577,558
Fixed income	566,644	-	-	566,644
Total mutual funds	3,342,236	-	-	3,342,236
Money market	714,850	-	-	714,850
Total assets at fair value	\$ <u>4,057,086</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,057,086</u>

The following table summarizes the valuation of the Plan's financial assets at December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Balanced funds	\$ 182,023	\$ -	\$ -	\$ 182,023
Growth funds	2,976,637	-	-	2,976,637
Fixed income	548,135	-	-	548,135
Total mutual funds	3,706,795	-	-	3,706,795
Money market	395,484	-	-	395,484
Total assets at fair value	\$ <u>4,102,279</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,102,279</u>

The fair value of mutual funds and the money market fund is based on quoted net asset values of the shares held by the Plan as of December 31, 2011 and 2010.

Note 10 Reconciliation of financial statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Net assets available for benefits per the financial statements	\$ 4,132,129	\$ 4,205,030
Less: Contributions receivable	(19,007)	-
Net assets available for benefits per the Form 5500	\$ <u>4,113,122</u>	\$ <u>4,205,030</u>



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 10 **Reconciliation of financial statements to Form 5500 (continued)**

The following is a reconciliation of the net decrease in net assets available for benefits per the financial statements to the Form 5500 for the year ended December 31, 2011:

Net decrease in net assets available for benefits per the financial statements	\$(72,901)
Less: Receivables as of December 31, 2011	(<u>19,007</u>)
Net decrease in net assets available for benefits per the Form 5500	\$(<u>91,908</u>)



SEPATON, INC. RETIREMENT SAVINGS PLAN

SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2011

EIN: 04-3285299

Plan #: 001

b) Identity of Issue, Borrower, a) <u>Lessor or Similar Party</u>	c) Description of Investment Including Maturity Date, Interest Rate, Collateral, and Par or Maturity Value	d) <u>Cost</u>	e) <u>Current Value</u>
AllianceBernstein Small-Mid Cap Value Advisor Fund	Mutual Fund	**	\$ 216,973
American Century Equity Growth Investor Fund	Mutual Fund	**	127,632
BlackRock Equity Dividend Fund	Mutual Fund	**	224,334
BlackRock International Opportunity Fund	Mutual Fund	**	505,852
* Fidelity Advisor Balanced Fund	Mutual Fund	**	149,060
* Fidelity Advisor Energy Fund	Mutual Fund	**	127,334
* Fidelity Advisor Freedom 2005 Fund	Mutual Fund	**	276
* Fidelity Advisor Freedom 2010 Fund	Mutual Fund	**	21,509
* Fidelity Advisor Freedom 2015 Fund	Mutual Fund	**	9,550
* Fidelity Advisor Freedom 2020 Fund	Mutual Fund	**	33,833
* Fidelity Advisor Freedom 2025 Fund	Mutual Fund	**	40,905
* Fidelity Advisor Freedom 2030 Fund	Mutual Fund	**	228,838
* Fidelity Advisor Freedom 2035 Fund	Mutual Fund	**	22,694
* Fidelity Advisor Freedom 2040 Fund	Mutual Fund	**	33,914
* Fidelity Advisor Freedom 2045 Fund	Mutual Fund	**	37,375
* Fidelity Advisor Freedom 2050 Fund	Mutual Fund	**	21,365
* Fidelity Advisor Freedom Income Fund	Mutual Fund	**	17,639
* Fidelity Advisor International Small Cap Fund	Mutual Fund	**	10,834
* Fidelity Advisor International Discovery Fund	Mutual Fund	**	51,793
* Fidelity Advisor New Insights Fund	Mutual Fund	**	594,901
* Fidelity Advisor Real Estate Fund	Mutual Fund	**	30,689
* Fidelity Advisor Small Cap Fund	Mutual Fund	**	146,495
* Fidelity Advisor Strategic Income Fund	Mutual Fund	**	448,675
Invesco Van Kampen Small Cap Value Fund	Mutual Fund	**	67,083
Prudential Total Return Bond Fund	Mutual Fund	**	117,969
T Rowe Price Mid Cap Growth Fund	Mutual Fund	**	54,714
			<u>3,342,236</u>



SEPATON, INC. RETIREMENT SAVINGS PLAN

SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

(CONTINUED)

December 31, 2011

EIN: 04-3285299

Plan #: 001

a)	b) Identity of Issue, Borrower, Lessor or Similar Party	c) Description of Investment Including Maturity Date, Interest Rate, Collateral, and Par or Maturity Value	d) Cost	e) Current Value
* Fidelity Retirement Government Money Market Fund		Money Market	**	\$ <u>714,850</u>
				4,057,086
* Participant Loans		Bearing interest at 4.25% - 9.25%	-	<u>56,036</u>
				\$ <u><u>4,113,122</u></u>

* = Party-in-interest

** = Cost information not required for participant-directed investment

SEPATON, INC. RETIREMENT SAVINGS PLAN

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULE**

As of December 31, 2011 and 2010

TOGETHER WITH AUDITORS' REPORT



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*Certified Public Accountants
Employee Benefit Plan Audits*

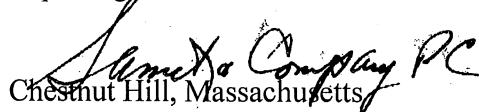
INDEPENDENT AUDITORS' REPORT

To the Plan Administrator of
Sepaton, Inc. Retirement Savings Plan

We were engaged to audit the financial statements and supplemental schedule of Sepaton, Inc. Retirement Savings Plan (the "Plan") as of December 31, 2011, and for the year then ended, as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of Plan's management. The financial statements of the Plan as of December 31, 2010, were audited by other auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed the other auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by Fidelity Management Trust Company, the trustee of the Plan. Their report, dated October 13, 2011, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion of the financial statements taken as a whole and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were 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.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information discussed in Note (4), which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the year ended December 31, 2011, that the information provided to the plan administrator 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 and supplemental schedule, taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. 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 trustee, have 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.


Chestnut Hill, Massachusetts
October 6, 2012

- 1 -

Samet & Company PC
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 Employee Benefit Plan
Audit Quality Center



SEPATON, INC. RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Investments, at fair value	\$ <u>4,057,086</u>	\$ <u>4,102,279</u>
Receivables:		
Notes receivable from participants	56,036	102,751
Participants' contributions	<u>19,007</u>	<u>-</u>
	<u>75,043</u>	<u>102,751</u>
Net assets available for benefits	\$ <u><u>4,132,129</u></u>	\$ <u><u>4,205,030</u></u>



SEPATON, INC. RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2011

Additions to net assets attributed to:

Investment income (loss):

Net depreciation in fair value of investments \$ (239,014)

Interest and dividends 126,058

(112,956)

Contributions:

Participants' contributions 837,849

Total additions 724,893

Deductions from net assets attributed to:

Benefits paid to participants 775,837

Administrative expenses 21,957

Total deductions 797,794

Net decrease (72,901)

Net assets available for benefits, beginning of year 4,205,030

Net assets available for benefits, end of year \$ 4,132,129



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and 2010

Note 1 Description of Plan

The following description of the Sepaton, Inc. Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established to provide all U.S. employees of Sepaton, Inc. (the "Company") with retirement benefits in accordance with Sections 401(a) and 401(k) of the Internal Revenue Code ("IRC"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Eligibility

All employees of the Company, other than nonresident aliens with no U.S. source income, residents of Puerto Rico, or employees covered by a collective bargaining agreement which requires employees to be included in the Plan, who have attained the age of 21, are eligible to participate in the Plan.

Participant contributions

Eligible participants may make voluntary contributions through salary reductions from 1% to 60% of eligible pretax annual compensation, limited to the maximum amount allowable under the provisions of the IRC (\$16,500 in 2011). Further, participants who are 50 years of age or older as of December 31, 2011 may contribute an additional "catch up" contribution (\$5,500 in 2011). The Plan currently offers various mutual funds and a money market fund as investment options for participants.

Employer contributions

The Company may, at the discretion of the Board of Directors, make discretionary matching contributions or qualified nonelective contributions ("QNEC's"). For the year ended December 31, 2011, the Company did not make any discretionary matching contributions or QNEC's.

Participants' accounts

Each participant's account is credited with their respective contribution and its allocation of (a) employer contributions and (b) Plan earnings or losses.

Vesting

Participants' voluntary contributions, rollover contributions, discretionary matching contributions, and any earnings thereon vest immediately. Vesting in QNEC's and any earnings thereon occurs ratably over 6 years of credited service (as defined). In the event of death, disability or attainment of age 65, participants' accounts become fully vested.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 1 **Description of Plan (continued)**

Notes receivable from participants

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2010-25 "Plan Accounting-Defined Contribution Pension Plans: Reporting Loans to Participants by Defined Contribution Pension Plans" ("ASU 2010-25"), which clarifies how loans to participants should be classified and measured. Loans are required to be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest.

Participants may borrow up to 50% of their vested account balance with a minimum of \$1,000 and a maximum of \$50,000. Loans are subject to approval by the plan administrator and terms range from one to five years. However, if the loan is to acquire the principal residence of the participant, the term may be extended. Further, loans will bear interest at a reasonable percentage interest rate to be determined by the plan administrator and are secured by the balance in the participant's account. Principal and interest is paid ratably through payroll deductions.

Payment of benefits

Upon termination of employment, retirement, attainment of age 59 ½, death, or disability, the participant or the participant's beneficiary is entitled to receive the vested portion of the participant's account in a single lump-sum, in accordance with Internal Revenue Service ("IRS") regulations and Plan provisions. A participant may also elect to defer payments that would be distributed in the form of an annuity or monthly installments. Withdrawals from the Plan are also available for special "hardship" reasons (as defined). Distributions to participants are recorded when paid.

Forfeitures

The Plan provides that forfeitures, the unvested portion of employer contributions for terminated participants, will first be used to pay administrative expenses of the Plan, if so directed by the Company. To the extent the forfeitures are not used to reduce administrative expenses under the Plan, forfeitures will be used to reduce employer contributions. At December 31, 2011 and 2010, there was no net forfeiture balance.

Note 2 **Summary of significant accounting policies**

The following is a summary of significant accounting policies followed by the Plan.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 2 **Summary of significant accounting policies (continued)**

Investment valuation and income recognition

All Plan investments are stated at fair value. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year end.

Realized gains and losses on investments sold and the unrealized appreciation and depreciation of investments held are reported on an average current cost basis, based on fair market value of the investments at the beginning of the Plan year or at the time of purchase during the Plan year.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Use of estimates

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

Administrative expenses

The Company may, at its discretion, pay the expenses incident to administering the Plan. In the event that the Company does not pay the Plan expenses, the expenses shall be paid by the Plan. During 2011, all expenses incurred in the administration of the Plan, other than fund transfer fees and participant loan fees, were charged to and paid by the Plan.

Fair value

Accounting standards provide a common definition of fair value and establish a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure certain financial assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Plan's financial assets reflected in the financial statements at fair value include its investments (Note 9).

Subsequent events

The Plan has evaluated subsequent events through October 6, 2012, which is the date the financial statements were available to be issued.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 3 Investments

Individual investments that represent 5% or more of the Plan's total net assets as of December 31, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Mutual Funds:		
AllianceBernstein Small-Mid Cap Value Advisor Fund	\$ 216,973	\$ **
BlackRock Equity Dividend Fund	224,334	**
BlackRock International Opportunity Fund	505,852	475,506
Fidelity Advisor Freedom 2030 Fund	228,838	210,752
Fidelity Advisor New Insights Fund	594,901	459,784
Fidelity Advisor Small Cap Fund	**	427,740
Fidelity Advisor Strategic Income Fund	448,675	358,192
Fidelity Stock Selector All Cap Fund	**	219,207
Money Market Fund:		
Fidelity Retirement Government Money Market Fund	714,850	395,484

** Investment was not owned or did not represent at least 5% of the Plan's total net asset value as of December 31 of the indicated year.

During the Plan year ended December 31, 2011, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated by \$239,014.

Note 4 Information certified by the Plan's trustee (unaudited)

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Fidelity Management Trust Company ("Fidelity"), the trustee, except for comparing such information certified by the trustee to information included in the Plan's financial statements and supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year):

<u>Investments</u>	<u>2011</u>	<u>2010</u>
Mutual Funds	\$3,342,236	\$3,706,795
Money Market	714,850	395,484



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 4 **Information certified by the Plan's trustee (unaudited) (continued)**

The trustee also certified to the completeness and accuracy of \$239,014 of net depreciation in fair value of investments and \$126,058 of interest and dividend income related to the aforementioned investments for the year ended December 31, 2011.

Note 5 **Risks and uncertainties**

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

Note 6 **Related party transactions**

Certain Plan investments are shares of mutual funds and a money market fund held by Fidelity. Fidelity is the trustee, as defined by the Plan, therefore, these transactions qualify as party-in-interest transactions.

Note 7 **Plan termination**

Although it has not expressed any intent to do so, the Board of Directors of the Company may, at its discretion, terminate the Plan at any time, subject to the provisions set forth in ERISA. In the event that the Plan and the related trust terminate, all accounts will be valued as of the termination date, and all accounts will be distributed in full to participants.

Note 8 **Tax status**

The Plan operates under a prototype plan which has received a favorable opinion letter from the IRS dated March 31, 2008, indicating that the prototype plan, as then designed, was in compliance with the applicable requirements of the IRC. The Plan has been amended since receiving the determination letter, however, the Company believes that the Plan is currently designed and is being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 8 **Tax status (continued)**

The FASB has issued a standard regarding the accounting and recognition of income tax positions taken or expected to be taken by the Plan. The plan administrator assesses the tax positions taken by the Plan and has concluded that as of December 31, 2011, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

Note 9 **Fair value measurements**

Accounting standards require that financial assets and liabilities, recognized or disclosed in financial statements on a recurring basis (at least annually), be measured at fair value. These standards define 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 and liability in an orderly transaction between market participants on the measurement date.

These standards also establish 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. These standards describe three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. These inputs reflect the Plan's assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when higher level inputs are not available.



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 9 Fair value measurements (continued)

The following table summarizes the valuation of the Plan's financial assets at December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Balanced funds	\$ 198,034	\$ -	\$ -	\$ 198,034
Growth funds	2,577,558	-	-	2,577,558
Fixed income	566,644	-	-	566,644
Total mutual funds	3,342,236	-	-	3,342,236
Money market	714,850	-	-	714,850
Total assets at fair value	\$ <u>4,057,086</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,057,086</u>

The following table summarizes the valuation of the Plan's financial assets at December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Balanced funds	\$ 182,023	\$ -	\$ -	\$ 182,023
Growth funds	2,976,637	-	-	2,976,637
Fixed income	548,135	-	-	548,135
Total mutual funds	3,706,795	-	-	3,706,795
Money market	395,484	-	-	395,484
Total assets at fair value	\$ <u>4,102,279</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,102,279</u>

The fair value of mutual funds and the money market fund is based on quoted net asset values of the shares held by the Plan as of December 31, 2011 and 2010.

Note 10 Reconciliation of financial statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Net assets available for benefits per the financial statements	\$ 4,132,129	\$ 4,205,030
Less: Contributions receivable	(19,007)	-
Net assets available for benefits per the Form 5500	\$ <u>4,113,122</u>	\$ <u>4,205,030</u>



SEPATON, INC. RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011 and 2010

Note 10 **Reconciliation of financial statements to Form 5500 (continued)**

The following is a reconciliation of the net decrease in net assets available for benefits per the financial statements to the Form 5500 for the year ended December 31, 2011:

Net decrease in net assets available for benefits per the financial statements	\$(72,901)
Less: Receivables as of December 31, 2011	(<u>19,007</u>)
Net decrease in net assets available for benefits per the Form 5500	\$(<u>91,908</u>)



SEPATON, INC. RETIREMENT SAVINGS PLAN

SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2011

EIN: 04-3285299

Plan #: 001

a) Identity of Issue, Borrower, Lessor or Similar Party	c) Description of Investment Including Maturity Date, Interest Rate, Collateral, and Par or Maturity Value	d) Cost	e) Current Value
AllianceBernstein Small-Mid Cap Value Advisor Fund	Mutual Fund	**	\$ 216,973
American Century Equity Growth Investor Fund	Mutual Fund	**	127,632
BlackRock Equity Dividend Fund	Mutual Fund	**	224,334
BlackRock International Opportunity Fund	Mutual Fund	**	505,852
* Fidelity Advisor Balanced Fund	Mutual Fund	**	149,060
* Fidelity Advisor Energy Fund	Mutual Fund	**	127,334
* Fidelity Advisor Freedom 2005 Fund	Mutual Fund	**	276
* Fidelity Advisor Freedom 2010 Fund	Mutual Fund	**	21,509
* Fidelity Advisor Freedom 2015 Fund	Mutual Fund	**	9,550
* Fidelity Advisor Freedom 2020 Fund	Mutual Fund	**	33,833
* Fidelity Advisor Freedom 2025 Fund	Mutual Fund	**	40,905
* Fidelity Advisor Freedom 2030 Fund	Mutual Fund	**	228,838
* Fidelity Advisor Freedom 2035 Fund	Mutual Fund	**	22,694
* Fidelity Advisor Freedom 2040 Fund	Mutual Fund	**	33,914
* Fidelity Advisor Freedom 2045 Fund	Mutual Fund	**	37,375
* Fidelity Advisor Freedom 2050 Fund	Mutual Fund	**	21,365
* Fidelity Advisor Freedom Income Fund	Mutual Fund	**	17,639
* Fidelity Advisor International Small Cap Fund	Mutual Fund	**	10,834
* Fidelity Advisor International Discovery Fund	Mutual Fund	**	51,793
* Fidelity Advisor New Insights Fund	Mutual Fund	**	594,901
* Fidelity Advisor Real Estate Fund	Mutual Fund	**	30,689
* Fidelity Advisor Small Cap Fund	Mutual Fund	**	146,495
* Fidelity Advisor Strategic Income Fund	Mutual Fund	**	448,675
Invesco Van Kampen Small Cap Value Fund	Mutual Fund	**	67,083
Prudential Total Return Bond Fund	Mutual Fund	**	117,969
T Rowe Price Mid Cap Growth Fund	Mutual Fund	**	54,714
			3,342,236



SEPATON, INC. RETIREMENT SAVINGS PLAN

SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

(CONTINUED)

December 31, 2011

EIN: 04-3285299

Plan #: 001

a) Identity of Issue, Borrower, Lessor or Similar Party	c) Description of Investment Including Maturity Date, Interest Rate, Collateral, and Par or Maturity Value	d) Cost	e) Current Value
* Fidelity Retirement Government Money Market Fund	Money Market	**	\$ <u>714,850</u> 4,057,086
* Participant Loans	Bearing interest at 4.25% - 9.25%	-	<u>56,036</u> \$ <u><u>4,113,122</u></u>

* = Party-in-interest

** = Cost information not required for participant-directed investment