

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>DISC GRAPHICS, INC. 401(K) PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>09/01/1985</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>DISC GRAPHICS, INC.</u> <u>10 GILPIN AVENUE</u> <u>HAPPAGUE, NY 11788</u>	2b Employer Identification Number (EIN) <u>13-3678012</u> 2c Sponsor's telephone number <u>631-300-1252</u> 2d Business code (see instructions) <u>323100</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>10/15/2012</u>	<u>MARGARET KRUMHOLZ</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") DISC GRAPHICS, INC. 10 GILPIN AVENUE HAPPAQUE, NY 11788	3b Administrator's EIN 13-3678012 3c Administrator's telephone number 631-300-1252
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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	447
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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	399
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	48
d Subtotal. Add lines 6a , 6b , and 6c	6d	447
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	448
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	257
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	4

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:

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

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)

<div>SCHEDULE C</div> <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>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	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 DISC GRAPHICS, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 DISC GRAPHICS, INC.	D Employer Identification Number (EIN) 13-3678012	

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
ING INSTITUTIONAL PLAN SERVICES LLC

04-3516284

(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)

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04-3516284

(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 37 64 26 27 63 60	RECORDKEEPER	54434	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

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

MORGAN STANLEY SMITH BARNEY HOLDING

26-4310632

(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?
67	BROKER	0	Yes ☒ No ☐	Yes ☐ No ☒	22395	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
MORGAN STANLEY SMITH BARNEY	67	22395
(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.	
ING INSTITUTIONAL PLAN SERVICES LLC 04-3516284	INSURANCE	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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 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="border: 1px solid black; padding: 5px; 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		
A Name of plan DISC GRAPHICS, INC. 401(K) PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 DISC GRAPHICS, INC.	D Employer Identification Number (EIN) 13-3678012	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets	(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(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)	1005306	1234817
(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)	474413	529614
(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)	10330179	8970810
(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	11809898	10735241

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	11809898	10735241
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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)	664346	
(C) Others (including rollovers)	2a(1)(C)	32829	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		697175
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	24552	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		24552
(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)	146330	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		146330
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-848531
c Other income.....	2c		552
d Total income. Add all income amounts in column (b) and enter total.....	2d		20078

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1040301	
(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)		1040301
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)	54434	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		54434
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1094735

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-1074657
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: MARCUM LLP (2) EIN: 11-1986323

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		1000000
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>DISC GRAPHICS, INC. 401(K) 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>DISC GRAPHICS, INC.</u>	D Employer Identification Number (EIN) <u>13-3678012</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>04-3581074</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): _____

DISC GRAPHICS, INC. 401(k) PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
DECEMBER 31, 2011 AND 2010

DISC GRAPHICS, INC. 401(k) PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Trustee of
Disc Graphics, Inc. 401(k) Plan

We were engaged to audit the accompanying statements of net assets available for benefits of Disc Graphics, Inc. 401(k) Plan (the "Plan") as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011 and the supplemental schedule of assets (held at end of year) as of December 31, 2011. These financial statements and the supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed 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 ING Institutional Plan Services, LLC ("ING") the record keeper of the Plan as an agent for Reliance Trust Company, the trustee of the Plan at December 31, 2011 and 2010, except for comparing such information with the related information included in the accompanying 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 December 31, 2011 and 2010 and for the year ended December 31, 2011 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 the 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 the 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.

Marcum LLP

Melville, NY
September 20, 2012



DISC GRAPHICS, INC. 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2011 AND 2010

	2011	2010
Assets		
Investments		
Cash and cash equivalents	\$ 1,234,817	\$ 1,005,306
Mutual funds, at fair value	<u>8,970,810</u>	<u>10,330,179</u>
Total Investments	<u>10,205,627</u>	<u>11,335,485</u>
Receivables		
Notes receivable from participants	462,019	443,586
Participant contributions	<u>25,779</u>	<u>27,619</u>
Total Receivables	<u>487,798</u>	<u>471,205</u>
Total Assets	<u>10,693,425</u>	<u>11,806,690</u>
Liabilities		
Administrative fees payable	<u>10,929</u>	<u>11,557</u>
Total Liabilities	<u>10,929</u>	<u>11,557</u>
Net Assets Available for Benefits	<u>\$ 10,682,496</u>	<u>\$ 11,795,133</u>

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

DISC GRAPHICS, INC. 401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2011

Additions to Net Assets Attributed to:

Dividend Income \$ 146,330

Interest Income on Notes Receivable From Participants 19,945

Contributions

Participant \$ 662,505

Rollover 32,829

Total Contributions 695,334

Total Additions 861,609

Deductions From Net Assets

Net depreciation in fair value of investments 843,371

Benefits paid to participants 1,077,069

Administrative expenses 53,806

Total Deductions 1,974,246

Net Decrease (1,112,637)

Net Assets Available for Benefits - Beginning 11,795,133

Net Assets Available for Benefits - Ending \$ 10,682,496

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

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN

Disc Graphics, Inc. 401(k) Plan (the "Plan") is a defined contribution plan for the benefit of the employees of Disc Graphics, Inc. (the "Company"). The Plan was adopted effective September 1, 1985 and covers all eligible employees. All employees are eligible, except for those who are members of a collective bargaining agreement, leased, seasonal, or temporary employees. The Plan is qualified under Section 401(k) of the Internal Revenue Code ("IRC") and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

ELIGIBILITY

Under the terms of the Plan, either on January first or July first of each Plan year, all eligible employees who are age eighteen or older and have completed six months of service within the Company may elect to participate in the Plan.

CONTRIBUTIONS

An eligible employee may contribute up to 92% of his or her annual compensation, up to a maximum of \$16,500 for 2011, on a pretax basis, through the execution of a salary reduction agreement. Unless an eligible employee requests in writing not to participate in the Plan, all eligible employees are automatically enrolled in the Plan, with 2% of their annual cash compensation contributed to a mutual fund designated by the employer. Participants who have reached the age of 50 before the end of the Plan year are eligible to make catch-up contributions. The maximum catch-up contribution for 2011 was \$5,500 on a pre-tax basis. As of June 1, 2009, the Company elected to suspend discretionary employer matching contributions.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution and an allocation of Employer contributions, if any, and Plan earnings. All allocations are based on participant earnings or account balances to various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

VESTING

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting of the Company's discretionary matching contributions if any, and any income or loss is based on years of continuous service. A participant becomes fully vested after five years of credited service on a graded vesting schedule. However, a participant shall also become fully vested immediately upon death, permanent disability or attaining the normal retirement age of 65.

Years of Service	Vesting %
Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years or more	100%

NOTES RECEIVABLE FROM PARTICIPANTS

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or fifty percent (50%) of their vested interest in the Plan. The participant may have no more than two (2) loans outstanding at one time. The loans are secured by the balance in the participant's accounts and bear annual interest. Rates on outstanding loans at December 31, 2011 ranged from 4.25% to 9.25%, which are commensurate with local prevailing rates determined by the Plan Administrator. Principal and interest are paid ratably through payroll deductions over a one to five year period, except for loans for the purchase of a principal residence, which may be repaid over a reasonable period of time that may be longer than five years. If any scheduled loan repayment is not made by the end of the calendar quarter following the calendar quarter that the missed payment was due, the loan is considered to be in default. During the year ended December 31, 2011, \$53,773 of loans in default were deemed distributions and were included in benefits paid to participants.

PAYMENT OF BENEFITS

All distributions from the Plan are made in one lump-sum cash payment. Participants are entitled to receive distributions upon attaining age 65 (normal retirement age), age 59½ (pre-retirement age) or as a result of a financial hardship as defined in the Plan.

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

PAYMENT OF BENEFITS (CONTINUED)

Participants that are terminated as a result of death, disability, or for other reasons are also entitled to distributions. The Plan was amended on January 1, 2005, whereby participant account balances in excess of \$1,000 require written authorization for distribution. Participant account balances of \$1,000 or less are automatically distributed in one lump-sum.

FORFEITURES

Forfeitures resulting from non-vested portions of participants' accounts who terminate prior to being fully vested are used first to reduce administrative expenses and any remaining forfeitures will be used to reduce any Employer contribution. For the year ended December 31, 2011, no forfeited non-vested amounts were used to reduce administrative expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of the net assets available for benefit unless paid by the Company. For the year ended December 31, 2011, the administrative expenses, primarily recordkeeping fees charged by ING, were paid out of the net assets available for benefits. These amounts were allocated among accounts of participants in the Plan, proportionately based on the value of the participants' account balances or an equal dollar value based on the number of participants in the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Plan are prepared under the accrual method of accounting.

INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are stated at fair value as measured by quoted market prices or estimated market prices. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Net depreciation includes realized and unrealized gains and losses on those investments. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

All gains and losses (realized and unrealized) are reported in the net depreciation in fair value of investments on the accompanying statement of changes in net assets available for benefits.

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTES RECEIVABLE FROM PARTICIPANTS

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

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

PAYMENT OF BENEFITS

Benefits are recorded when paid.

RECLASSIFICATIONS

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to confirm to the presentation in the current year's financial statements. These reclassifications have no effect on previously reported net increase in net assets available for benefits.

NOTE 3 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") *Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures"*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. 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 3 inputs were used only when Level 1 or Level 2 inputs were not available. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

LEVEL 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

LEVEL 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

LEVEL 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies issued at December 31, 2011 and 2010.

Cash and Cash Equivalents and Mutual Funds: Valued at the net asset value ("NAV") of shares held by the Plan at year end, as reported by the banking institutions or national securities exchanges.

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

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011 and 2010:

Fair Value Measurements at December 31, 2011

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,234,817	\$ --	\$ --	\$ 1,234,817
Mutual funds:				
Foreign Large Blend	464,453	--	--	464,453
Large Blend	1,862,721	--	--	1,862,721
Bonds	1,406,965	--	--	1,406,965
Diversified Emerging Markets	1,385,878	--	--	1,385,878
Government Funds	370,068	--	--	370,068
Growth Funds	2,374,594	--	--	2,374,594
Micro-Cap Fund	420,057	--	--	420,057
Moderate Allocations	57,261	--	--	57,261
Small Cap	445,246	--	--	445,246
Mid-Cap Growth	<u>183,567</u>	<u>--</u>	<u>--</u>	<u>183,567</u>
Total	<u>\$10,205,627</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$10,205,627</u>

Fair Value Measurements at December 31, 2010

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,005,306	\$ --	\$ --	\$ 1,005,306
Mutual funds:				
Foreign Large Blend	1,155,747	--	--	1,155,747
Large Blend	2,244,829	--	--	2,244,829
Bonds	757,982	--	--	757,982
Diversified Emerging Markets	1,913,146	--	--	1,913,146
Government Funds	244,646	--	--	244,646
Growth Funds	2,615,723	--	--	2,615,723
Micro-Cap Fund	581,968	--	--	581,968
Moderate Allocations	54,621	--	--	54,621
Small Cap	549,533	--	--	549,533
Mid-Cap Growth	<u>211,984</u>	<u>--</u>	<u>--</u>	<u>211,984</u>
Total	<u>\$11,335,485</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$11,335,485</u>

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 4 - INVESTMENTS

The fair value of investments that represent five percent (5%) or more of the Plan's net assets available for benefits as of December 31, 2011 and 2010 are as follows:

	December 31,	
	2011	2010
Columbia Intermediate Bond Z	\$ 1,143,249	\$ 636,165
Davis NY Venture Fund Y	1,759,214	2,119,554
Europacific Growth Fund	*	1,155,747
Growth Fund of America	2,374,594	2,615,724
Western Asset Government Money Market	1,234,817	1,005,306
SSGA Emerging Markets Fund	1,385,878	1,913,146

* The investment balance does not represent five percent (5%) or more of the Plan's net assets available for benefits for the respective plan year end.

NOTE 5 - PLAN TERMINATION

Although it has not expressed intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

NOTE 6 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The Plan Administrator has elected the method of compliance 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 auditing procedures with respect to the information certified by ING Institutional Plan Services, LLC, the record keeper of the Plan as an agent for Reliance Trust Company, the trustee for the Plan, at December 31, 2011 and 2010, except for comparing the information certified by the trustee to information included in the Plan's financial statements and supplemental schedule. The information certified by the Plan trustee as of December 31, 2011 and 2010 and for the year ended December 31, 2011 is as follows:

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 6 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE (CONTINUED)

	December 31,	
	2011	2010
Investments:		
Cash and cash equivalents	\$ 1,234,817	\$ 1,005,306
Mutual funds at fair value	<u>8,970,810</u>	<u>10,330,179</u>
Total Investments	<u>\$10,205,627</u>	<u>\$11,335,485</u>
		For the Year Ended December 31, 2011
Investment Income (Loss):		
Dividend income		\$ 146,330
Net depreciation in fair value of investments		<u>(843,371)</u>
Net Investment Loss		<u>\$(697,041)</u>

During the 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 in net value by \$843,371.

NOTE 7 - TAX STATUS

The Company adopted a Prototype plan, which received an opinion letter from the Internal Revenue Service ("IRS"), dated June 5, 2002, which stated that the Company may rely on the opinion letter with respect to the qualification of the Plan under IRC Section 401(a) except as stated below, and also informed the Company that the Prototype Plan will not receive a determination letter. The opinion of the IRS does not apply for purposes of IRC401(a)(10)(B) and 401(a)(16); however, the Company may separately request a determination from the IRS with respect thereto. The Company has not requested such a determination. The Plan sponsor believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 7 - TAX STATUS (CONTINUED)

sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) 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 8 - PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of cash equivalents and mutual funds are managed by an affiliate of the Plan's trustee and, therefore, these transactions qualify as party-in-interest transactions.

NOTE 9 - RISKS AND UNCERTAINTIES

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

NOTE 10 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

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

	December 31,	
	2011	2010
Net assets available for benefits per the financial statements	\$10,682,496	\$11,795,133
Accrual for contributions receivable	(25,779)	(27,619)
Accrual for administrative fees	10,929	11,557
Deemed distribution	67,595	30,827
Refunds of excess contributions	--	--
Net Assets Available for Benefits per Form 5500	<u>\$10,735,241</u>	<u>\$11,809,898</u>

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 10 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (CONTINUED)

The following is a reconciliation of contributions, benefits paid to participants and administrative expenses per the financial statements for the year ended December 31, 2011 to Form 5500:

	For the Year Ended December 31, 2011
Participant contributions per the financial statements	\$662,505
Add: Accrual for contributions receivable, 2010	27,619
Less: Accrual for contributions receivable, 2011	<u>(25,779)</u>
Participant Contributions per Form 5500	<u>\$664,345</u>
Benefits paid to participants per the financial statements	\$1,077,069
Less: Accrued interest on defaulted note receivable from participants	(3,430)
Less: Deemed distribution	<u>(33,338)</u>
Benefits Paid to Participants per Form 5500	<u>\$1,040,301</u>
Administrative expenses per the financial statements	\$ 53,806
Add: Accrual for administrative expenses, 2010	11,557
Less: Accrual for administrative expenses, 2011	<u>(10,929)</u>
Administrative Expenses per Form 5500	<u>\$ 54,434</u>

The reconciliations are due to Form 5500 being prepared on the cash basis, while the financial statements are prepared on the accrual basis.

NOTE 11 - SUBSEQUENT EVENTS

The Plan's management evaluated events occurring subsequent to December 31, 2011 through September 20, 2012 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to the financial statements, which were available to be issued September 20, 2012.

DISC GRAPHICS, INC. 401(k) PLAN

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

EIN: 13-3678012

PN: 001

DECEMBER 31, 2011

(a)	(b) Identity of Issue, Borrower, Lessor or similar party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost**	(e) Current Value
*	Western Asset Government Money Market	Money Market Fund	\$	1,234,817
*	Europacific Growth Fund	Mutual Fund		464,453
*	Investment Company of America	Mutual Fund		103,507
*	Growth Fund of America	Mutual Fund		2,374,594
*	Dreyfus US Treasury Long-Term	Mutual Fund		136,733
*	American Balanced Fund	Mutual Fund		57,261
*	Davis NY Venture Fund Y	Mutual Fund		1,759,214
*	ING GNMA Income Fund A	Mutual Fund		233,335
*	Columbia Intermediate Bond Z	Mutual Fund		1,143,249
*	SSGA Emerging Markets Fund	Mutual Fund		1,385,878
*	Royce Micro Cap Fund Investment	Mutual Fund		420,057
*	American Century Vista Advisor	Mutual Fund		183,567
*	T Rowe Price International Bond Advanced	Mutual Fund		263,716
*	JP Morgan Dynamic Small Cap Growth Fund	Mutual Fund		445,246
				<u>10,205,627</u>
	Participant loans	Annual interest rates ranging from 4.25% to 9.25%	\$ --	<u>462,019</u>
	Total		<u>\$ --</u>	<u>\$ 10,667,646</u>

The above information has been certified as complete and accurate by the Plan's trustee.

* Fund is managed by Reliance Trust Company, the trustee of the Plan, and therefore, a party-in-interest as defined by ERISA.

** Cost information is not required for participant directed investments.

See independent auditor's report.

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

(B) IDENTITY OF ISSUE	(C) DESCRIPTION OF INVESTMENT	(D) COST	(E) CURRENT VALUE
Amer Cent Vista A	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	191,774.62	183,567.49
Amer Euro Growth F	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	504,527.32	464,453.53
Amer Growth Fund F	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	2,313,585.58	2,374,593.68
Amer Invest Co F	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	109,252.02	103,506.91
American Balanced Fnd-F	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	54,163.41	57,260.91
Columbia Intermed Bond Z	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	1,109,025.09	1,143,248.89
Davis NY Venture Fund-Y	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	1,695,646.91	1,759,213.53
Dreyfus US Treas Lng Term	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	122,017.10	136,732.52
ING GNMA Income A	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	223,813.07	233,335.00
JP Morgan Dyn SmCp Gr Sel	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	395,759.67	445,246.28
Loan Fund	LOANS TO PARTICIPANTS: OTHER	486,450.59	486,450.59
Royce Micro Cap	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	412,860.81	420,056.90
SSgA Emerging Markets	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	1,413,295.99	1,385,877.84
T.Rowe Price Intl Bnd Adv	VALUE OF INTEREST IN REGISTERED INVESTMENT COMPANIES	270,067.37	263,716.45
Western Asst Govt MM	INTEREST BEARING CASH (INCLUDING MONEY MARKET FUNDS)	1,234,816.75	1,234,816.75

DISC GRAPHICS, INC. 401(k) PLAN
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE
DECEMBER 31, 2011 AND 2010

DISC GRAPHICS, INC. 401(k) PLAN

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Trustee of
Disc Graphics, Inc. 401(k) Plan

We were engaged to audit the accompanying statements of net assets available for benefits of Disc Graphics, Inc. 401(k) Plan (the "Plan") as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011 and the supplemental schedule of assets (held at end of year) as of December 31, 2011. These financial statements and the supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed 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 ING Institutional Plan Services, LLC ("ING") the record keeper of the Plan as an agent for Reliance Trust Company, the trustee of the Plan at December 31, 2011 and 2010, except for comparing such information with the related information included in the accompanying 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 December 31, 2011 and 2010 and for the year ended December 31, 2011 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 the 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 the 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.

Marcum LLP

Melville, NY
September 20, 2012



DISC GRAPHICS, INC. 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2011 AND 2010

	2011	2010
Assets		
Investments		
Cash and cash equivalents	\$ 1,234,817	\$ 1,005,306
Mutual funds, at fair value	<u>8,970,810</u>	<u>10,330,179</u>
Total Investments	<u>10,205,627</u>	<u>11,335,485</u>
Receivables		
Notes receivable from participants	462,019	443,586
Participant contributions	<u>25,779</u>	<u>27,619</u>
Total Receivables	<u>487,798</u>	<u>471,205</u>
Total Assets	<u>10,693,425</u>	<u>11,806,690</u>
Liabilities		
Administrative fees payable	<u>10,929</u>	<u>11,557</u>
Total Liabilities	<u>10,929</u>	<u>11,557</u>
Net Assets Available for Benefits	<u>\$ 10,682,496</u>	<u>\$ 11,795,133</u>

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

DISC GRAPHICS, INC. 401(k) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2011

Additions to Net Assets Attributed to:

Dividend Income \$ 146,330

Interest Income on Notes Receivable From Participants 19,945

Contributions

Participant \$ 662,505

Rollover 32,829

Total Contributions 695,334

Total Additions 861,609

Deductions From Net Assets

Net depreciation in fair value of investments 843,371

Benefits paid to participants 1,077,069

Administrative expenses 53,806

Total Deductions 1,974,246

Net Decrease (1,112,637)

Net Assets Available for Benefits - Beginning 11,795,133

Net Assets Available for Benefits - Ending \$ 10,682,496

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

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN

Disc Graphics, Inc. 401(k) Plan (the "Plan") is a defined contribution plan for the benefit of the employees of Disc Graphics, Inc. (the "Company"). The Plan was adopted effective September 1, 1985 and covers all eligible employees. All employees are eligible, except for those who are members of a collective bargaining agreement, leased, seasonal, or temporary employees. The Plan is qualified under Section 401(k) of the Internal Revenue Code ("IRC") and is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The following description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

ELIGIBILITY

Under the terms of the Plan, either on January first or July first of each Plan year, all eligible employees who are age eighteen or older and have completed six months of service within the Company may elect to participate in the Plan.

CONTRIBUTIONS

An eligible employee may contribute up to 92% of his or her annual compensation, up to a maximum of \$16,500 for 2011, on a pretax basis, through the execution of a salary reduction agreement. Unless an eligible employee requests in writing not to participate in the Plan, all eligible employees are automatically enrolled in the Plan, with 2% of their annual cash compensation contributed to a mutual fund designated by the employer. Participants who have reached the age of 50 before the end of the Plan year are eligible to make catch-up contributions. The maximum catch-up contribution for 2011 was \$5,500 on a pre-tax basis. As of June 1, 2009, the Company elected to suspend discretionary employer matching contributions.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution and an allocation of Employer contributions, if any, and Plan earnings. All allocations are based on participant earnings or account balances to various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

VESTING

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting of the Company's discretionary matching contributions if any, and any income or loss is based on years of continuous service. A participant becomes fully vested after five years of credited service on a graded vesting schedule. However, a participant shall also become fully vested immediately upon death, permanent disability or attaining the normal retirement age of 65.

Years of Service	Vesting %
Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 years or more	100%

NOTES RECEIVABLE FROM PARTICIPANTS

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or fifty percent (50%) of their vested interest in the Plan. The participant may have no more than two (2) loans outstanding at one time. The loans are secured by the balance in the participant's accounts and bear annual interest. Rates on outstanding loans at December 31, 2011 ranged from 4.25% to 9.25%, which are commensurate with local prevailing rates determined by the Plan Administrator. Principal and interest are paid ratably through payroll deductions over a one to five year period, except for loans for the purchase of a principal residence, which may be repaid over a reasonable period of time that may be longer than five years. If any scheduled loan repayment is not made by the end of the calendar quarter following the calendar quarter that the missed payment was due, the loan is considered to be in default. During the year ended December 31, 2011, \$53,773 of loans in default were deemed distributions and were included in benefits paid to participants.

PAYMENT OF BENEFITS

All distributions from the Plan are made in one lump-sum cash payment. Participants are entitled to receive distributions upon attaining age 65 (normal retirement age), age 59½ (pre-retirement age) or as a result of a financial hardship as defined in the Plan.

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 - DESCRIPTION OF THE PLAN (CONTINUED)

PAYMENT OF BENEFITS (CONTINUED)

Participants that are terminated as a result of death, disability, or for other reasons are also entitled to distributions. The Plan was amended on January 1, 2005, whereby participant account balances in excess of \$1,000 require written authorization for distribution. Participant account balances of \$1,000 or less are automatically distributed in one lump-sum.

FORFEITURES

Forfeitures resulting from non-vested portions of participants' accounts who terminate prior to being fully vested are used first to reduce administrative expenses and any remaining forfeitures will be used to reduce any Employer contribution. For the year ended December 31, 2011, no forfeited non-vested amounts were used to reduce administrative expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses are paid out of the net assets available for benefit unless paid by the Company. For the year ended December 31, 2011, the administrative expenses, primarily recordkeeping fees charged by ING, were paid out of the net assets available for benefits. These amounts were allocated among accounts of participants in the Plan, proportionately based on the value of the participants' account balances or an equal dollar value based on the number of participants in the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Plan are prepared under the accrual method of accounting.

INVESTMENT VALUATION AND INCOME RECOGNITION

The Plan's investments are stated at fair value as measured by quoted market prices or estimated market prices. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Net depreciation includes realized and unrealized gains and losses on those investments. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

All gains and losses (realized and unrealized) are reported in the net depreciation in fair value of investments on the accompanying statement of changes in net assets available for benefits.

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTES RECEIVABLE FROM PARTICIPANTS

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

USE OF ESTIMATES IN THE FINANCIAL STATEMENTS

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

PAYMENT OF BENEFITS

Benefits are recorded when paid.

RECLASSIFICATIONS

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to confirm to the presentation in the current year's financial statements. These reclassifications have no effect on previously reported net increase in net assets available for benefits.

NOTE 3 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board ("FASB") *Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures"*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. 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 3 inputs were used only when Level 1 or Level 2 inputs were not available. The three levels of the fair value hierarchy under FASB ASC 820 are described below:

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

LEVEL 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

LEVEL 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

LEVEL 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies issued at December 31, 2011 and 2010.

Cash and Cash Equivalents and Mutual Funds: Valued at the net asset value ("NAV") of shares held by the Plan at year end, as reported by the banking institutions or national securities exchanges.

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

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011 and 2010:

Fair Value Measurements at December 31, 2011

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,234,817	\$ --	\$ --	\$ 1,234,817
Mutual funds:				
Foreign Large Blend	464,453	--	--	464,453
Large Blend	1,862,721	--	--	1,862,721
Bonds	1,406,965	--	--	1,406,965
Diversified Emerging Markets	1,385,878	--	--	1,385,878
Government Funds	370,068	--	--	370,068
Growth Funds	2,374,594	--	--	2,374,594
Micro-Cap Fund	420,057	--	--	420,057
Moderate Allocations	57,261	--	--	57,261
Small Cap	445,246	--	--	445,246
Mid-Cap Growth	<u>183,567</u>	<u>--</u>	<u>--</u>	<u>183,567</u>
Total	<u>\$10,205,627</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$10,205,627</u>

Fair Value Measurements at December 31, 2010

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,005,306	\$ --	\$ --	\$ 1,005,306
Mutual funds:				
Foreign Large Blend	1,155,747	--	--	1,155,747
Large Blend	2,244,829	--	--	2,244,829
Bonds	757,982	--	--	757,982
Diversified Emerging Markets	1,913,146	--	--	1,913,146
Government Funds	244,646	--	--	244,646
Growth Funds	2,615,723	--	--	2,615,723
Micro-Cap Fund	581,968	--	--	581,968
Moderate Allocations	54,621	--	--	54,621
Small Cap	549,533	--	--	549,533
Mid-Cap Growth	<u>211,984</u>	<u>--</u>	<u>--</u>	<u>211,984</u>
Total	<u>\$11,335,485</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$11,335,485</u>

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 4 - INVESTMENTS

The fair value of investments that represent five percent (5%) or more of the Plan's net assets available for benefits as of December 31, 2011 and 2010 are as follows:

	December 31,	
	2011	2010
Columbia Intermediate Bond Z	\$ 1,143,249	\$ 636,165
Davis NY Venture Fund Y	1,759,214	2,119,554
Europacific Growth Fund	*	1,155,747
Growth Fund of America	2,374,594	2,615,724
Western Asset Government Money Market	1,234,817	1,005,306
SSGA Emerging Markets Fund	1,385,878	1,913,146

* The investment balance does not represent five percent (5%) or more of the Plan's net assets available for benefits for the respective plan year end.

NOTE 5 - PLAN TERMINATION

Although it has not expressed intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

NOTE 6 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The Plan Administrator has elected the method of compliance 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 auditing procedures with respect to the information certified by ING Institutional Plan Services, LLC, the record keeper of the Plan as an agent for Reliance Trust Company, the trustee for the Plan, at December 31, 2011 and 2010, except for comparing the information certified by the trustee to information included in the Plan's financial statements and supplemental schedule. The information certified by the Plan trustee as of December 31, 2011 and 2010 and for the year ended December 31, 2011 is as follows:

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 6 - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE (CONTINUED)

	December 31, 2011	2010
Investments:		
Cash and cash equivalents	\$ 1,234,817	\$ 1,005,306
Mutual funds at fair value	<u>8,970,810</u>	<u>10,330,179</u>
Total Investments	<u>\$10,205,627</u>	<u>\$11,335,485</u>
		For the Year Ended December 31, 2011
Investment Income (Loss):		
Dividend income		\$ 146,330
Net depreciation in fair value of investments		<u>(843,371)</u>
Net Investment Loss		<u>\$(697,041)</u>

During the 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 in net value by \$843,371.

NOTE 7 - TAX STATUS

The Company adopted a Prototype plan, which received an opinion letter from the Internal Revenue Service ("IRS"), dated June 5, 2002, which stated that the Company may rely on the opinion letter with respect to the qualification of the Plan under IRC Section 401(a) except as stated below, and also informed the Company that the Prototype Plan will not receive a determination letter. The opinion of the IRS does not apply for purposes of IRC401(a)(10)(B) and 401(a)(16); however, the Company may separately request a determination from the IRS with respect thereto. The Company has not requested such a determination. The Plan sponsor believes that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 7 - TAX STATUS (CONTINUED)

sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) 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 8 - PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of cash equivalents and mutual funds are managed by an affiliate of the Plan's trustee and, therefore, these transactions qualify as party-in-interest transactions.

NOTE 9 - RISKS AND UNCERTAINTIES

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

NOTE 10 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

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

	December 31,	
	2011	2010
Net assets available for benefits per the financial statements	\$10,682,496	\$11,795,133
Accrual for contributions receivable	(25,779)	(27,619)
Accrual for administrative fees	10,929	11,557
Deemed distribution	67,595	30,827
Refunds of excess contributions	--	--
Net Assets Available for Benefits per Form 5500	<u>\$10,735,241</u>	<u>\$11,809,898</u>

DISC GRAPHICS, INC. 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 10 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (CONTINUED)

The following is a reconciliation of contributions, benefits paid to participants and administrative expenses per the financial statements for the year ended December 31, 2011 to Form 5500:

	For the Year Ended December 31, 2011
Participant contributions per the financial statements	\$662,505
Add: Accrual for contributions receivable, 2010	27,619
Less: Accrual for contributions receivable, 2011	<u>(25,779)</u>
Participant Contributions per Form 5500	<u>\$664,345</u>
Benefits paid to participants per the financial statements	\$1,077,069
Less: Accrued interest on defaulted note receivable from participants	(3,430)
Less: Deemed distribution	<u>(33,338)</u>
Benefits Paid to Participants per Form 5500	<u>\$1,040,301</u>
Administrative expenses per the financial statements	\$ 53,806
Add: Accrual for administrative expenses, 2010	11,557
Less: Accrual for administrative expenses, 2011	<u>(10,929)</u>
Administrative Expenses per Form 5500	<u>\$ 54,434</u>

The reconciliations are due to Form 5500 being prepared on the cash basis, while the financial statements are prepared on the accrual basis.

NOTE 11 - SUBSEQUENT EVENTS

The Plan's management evaluated events occurring subsequent to December 31, 2011 through September 20, 2012 for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to the financial statements, which were available to be issued September 20, 2012.

DISC GRAPHICS, INC. 401(k) PLAN

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

EIN: 13-3678012

PN: 001

DECEMBER 31, 2011

(a)	(b) Identity of Issue, Borrower, Lessor or similar party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost**	(e) Current Value
*	Western Asset Government Money Market	Money Market Fund	\$	1,234,817
*	Europacific Growth Fund	Mutual Fund		464,453
*	Investment Company of America	Mutual Fund		103,507
*	Growth Fund of America	Mutual Fund		2,374,594
*	Dreyfus US Treasury Long-Term	Mutual Fund		136,733
*	American Balanced Fund	Mutual Fund		57,261
*	Davis NY Venture Fund Y	Mutual Fund		1,759,214
*	ING GNMA Income Fund A	Mutual Fund		233,335
*	Columbia Intermediate Bond Z	Mutual Fund		1,143,249
*	SSGA Emerging Markets Fund	Mutual Fund		1,385,878
*	Royce Micro Cap Fund Investment	Mutual Fund		420,057
*	American Century Vista Advisor	Mutual Fund		183,567
*	T Rowe Price International Bond Advanced	Mutual Fund		263,716
*	JP Morgan Dynamic Small Cap Growth Fund	Mutual Fund		445,246
				<u>10,205,627</u>
	Participant loans	Annual interest rates ranging from 4.25% to 9.25%	\$ --	<u>462,019</u>
	Total		<u>\$ --</u>	<u>\$ 10,667,646</u>

The above information has been certified as complete and accurate by the Plan's trustee.

* Fund is managed by Reliance Trust Company, the trustee of the Plan, and therefore, a party-in-interest as defined by ERISA.

** Cost information is not required for participant directed investments.

See independent auditor's report.