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

2012

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] 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:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
MURAD, INC. 401(K) SAVINGS PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/1994

2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan)

MURAD SKIN RESEARCH LABORATORIES, INC.

2121 ROSECRANS AVENUE, 5TH FLOOR
EL SEGUNDO, CA 90245-4745

2b Employer Identification Number (EIN)
95-4299353

2c Sponsor's telephone number
310-726-0600

2d Business code (see instructions)
446190

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2013	MARGARETT GAAL
	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

Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)

Preparer's telephone number (optional)

3a Plan administrator's name and address [X] Same as Plan Sponsor Name [ ] Same as Plan Sponsor Address

3b Administrator's EIN

3c Administrator's telephone number

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	397
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**	320
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	77
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	397
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	397
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	287
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	23
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
2E 2F 2G 2J 2K 2R 2T 3D

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

9a Plan funding arrangement (check all that apply)

(1)	[ ]	Insurance
(2)	[ ]	Code section 412(e)(3) insurance contracts
(3)	[X]	Trust
(4)	[ ]	General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	[ ]	Insurance
(2)	[ ]	Code section 412(e)(3) insurance contracts
(3)	[X]	Trust
(4)	[ ]	General assets of the sponsor

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

a Pension Schedules

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

b General Schedules

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

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2012** **This Form is Open to Public Inspection.**

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
MURAD, INC. 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
MURAD SKIN RESEARCH LABORATORIES, INC.

D Employer Identification Number (EIN)
95-4299353

Part I Service Provider Information (see instructions)

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

1 Information on Persons Receiving Only Eligible Indirect Compensation

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

UNION BOND & TRUST COMPANY

93-6274329

(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)

CITY NATIONAL BANK

95-1780067

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 19 21 25 34 37 38 59 60 62 63 64 65 71	RECORDKEEPER/TRUSTEE	10221	Yes [X] No [ ]	Yes [X] No [ ]	5784	Yes [X] No [ ]

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

NATIONAL FINANCIAL SERVICES LLC

04-3523567

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
19 33 57 59 62 63 71	SUBCONTRACTOR OF CNB	0	Yes [X] No [ ]	Yes [ ] No [X]	114	Yes [X] No [ ]

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

US BANK

41-0255900

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
19 62	SUBCONTRACTOR OF CNB	0	Yes [X] No [ ]	Yes [ ] No [X]	0	Yes [X] 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
CITY NATIONAL BANK	62	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
CITY NATIONAL BANK 95-1780067	INTEREST ON EXCESS BALANCES (I.E. FLOAT) HELD AT FED RESERVE BANKS ESTIMATED TO BE FED FUNDS TARGET RATE (0% TO 0.25%) LESS THE COST OF FDIC INSURANCE PREMIUMS.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
NATIONAL FINANCIAL SERVICES LLC	62	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
NATIONAL FINANCIAL SERVICES LLC 04-3523567	MAY EARN INTEREST (FLOAT) FROM THE USE OF PENDING AMOUNTS SUCH AS ITEMS PENDING SETTLEMENT. FLOAT EARNS WILL BE REALIZED AT RATES APPROX THE FEDERAL FUNDS TARGET RATES.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
US BANK	62	0

(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
US BANK 41-0255900	US BANK MAY RETAIN INCOME ON THE "FLOAT" AS COMP FOR CUSTODY SERVICES. THE FLOAT RATE IS GENERALLY NO MORE THAN THE FEDERAL FUNDS TARGET RATES OF INTEREST.

Part II Service Providers Who Fail or Refuse to Provide Information

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

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

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

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

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(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: GROSSMAN AND BARNBAUM CPAS
b EIN: 20-5985656
c Position: ACCOUNTANT
d Address: 20631 VENTURA BLVD.
SUITE 203
WOODLAND HILLS, CA 91364
e Telephone: 818-340-4511

Explanation: TERMINATED

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

Explanation:

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

Explanation:

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

Explanation:

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

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
MURAD, INC. 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 001

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
MURAD SKIN RESEARCH LABORATORIES, INC.

D Employer Identification Number (EIN)
95-4299353

Part I **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: MORLEY FIN STBL VLU-50 BP FE

b Name of sponsor of entity listed in (a): MORLEY TRUST COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
93-6274329-001	C	1042974

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

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

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

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

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

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b Name of plan sponsor	**c** EIN-PN

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a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2012

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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
MURAD, INC. 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
MURAD SKIN RESEARCH LABORATORIES, INC.

D Employer Identification Number (EIN)
95-4299353

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)		75
(2) Participant contributions	1b(2)		150
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	41624	46400
(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)	200000	100776
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	175039	158503
(9) Value of interest in common/collective trusts	1c(9)	1007405	1042975
(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)	5995031	7582886
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	7419099	8931765
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	48506	40388
k Total liabilities (add all amounts in lines 1g through1j)	1k	48506	40388
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	7370593	8891377

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)	373194	
(B) Participants	2a(1)(B)	995211	
(C) Others (including rollovers)	2a(1)(C)	157636	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1526041
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	14	
(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)	8024	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		8038
(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)	265832	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		265832
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	55434	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	55434	
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	-99224	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		-99224

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		11546
(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)		581185
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		2293418
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	761899	
(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)		761899
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)	10435	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	300	
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		10735
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		772634
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		1520784
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)** [X] 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 [X] No

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

(1) Name: HOLTHOUSE, CARLIN & VAN TRIGHT LLP **(2)** EIN: 95-4345526

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a	X		39206
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

Part V Trust Information (optional)

6a Name of trust	**6b** Trust's EIN

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

2012

This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan
MURAD, INC. 401(K) SAVINGS PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
MURAD SKIN RESEARCH LABORATORIES, INC.

D Employer Identification Number (EIN)
95-4299353

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**

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): 95-1780067

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 of 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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

HCVT CERTIFIED PUBLIC ACCOUNTANTS
HOLTHOUSE CARLIN & VAN TRIGT LLP

MURAD, INC. 401(k) SAVINGS PLAN

FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULES,
AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2012

MURAD, INC. 401(k) SAVINGS PLAN

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All other schedules have been omitted as not applicable.

HCVT CERTIFIED PUBLIC ACCOUNTANTS | HOLTHOUSE CARLIN & VAN TRIGT LLP

Independent Auditor's Report

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

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Murad, Inc. 401(k) Savings Plan (the "Plan"), which comprise the statement of net assets available for plan benefits as of December 31, 2012, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

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 7, which was certified by City National Bank, the Trustee of the Plan, except for comparing such information with the related information included in the financial statements. 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 for the year ended December 31, 2012, that the information provided to the plan administrator by the Trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Emphasis of Matter

As described in Note 6, the Plan Sponsor is in the process of submitting a Voluntary Correction Procedure ("VCP") to the Internal Revenue Service ("IRS") for a possible operational error. Until the VCP is approved by the IRS, the Plan Sponsor is unable to quantify the impact, if any, of the VCP.

Report on Supplemental Schedules

The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2012 and the Schedule of Delinquent Participant Contributions for the year ended December 31, 2012 are required by the Department of Labor's ("DOL") Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we do not express an opinion on these supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, 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 DOL Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Other Matter – 2011 Financial Statements

The financial statements of the Plan as of December 31, 2011, were audited by other auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed the other auditors not to perform, and they did not perform, any auditing procedures with respect to the information certified by the Trustee. Their report, dated August 24, 2012, indicated that (a) because of the significance of the information that they did not audit, they were unable to, and did not, express an opinion on the financial statements taken as a whole and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the Trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Holthouse Carlin & Van Trigt LLP

Camarillo, California
October 15, 2013

MURAD, INC. 401(k) SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 2012 AND 2011

	2012	2011
Assets:		
Investments:		
Participant-directed investments, at fair value	$ 8,793,060	$ 7,195,215
Receivables:		
Company contributions	75	-
Participants' contributions	150	-
Total receivables	225	-
Notes receivable:		
Participant loans	158,503	175,039
Total assets	8,951,788	7,370,254
Liabilities	-	-
Net assets reflecting all investments at fair value	8,951,788	7,370,254
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	(20,023)	(25,147)
Net assets available for plan benefits	$ 8,931,765	$ 7,345,107

See notes to financial statements.

MURAD, INC. 401(k) SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2012

Additions:		
Company contributions	$	365,763
Participants' contributions		995,211
Participants' rollover contributions		157,636
Interest income on investments		14
Interest income on participant loans		8,024
Net appreciation of investments		832,644
Total additions		2,359,292
Deductions:		
Benefits paid to participants		761,899
Administrative expenses		10,735
Total deductions		772,634
Net increase		1,586,658
Net assets available for plan benefits:		
Beginning of year as previously reported		7,370,593
Prior period adjustments, net (See Note 2)		(25,486)
Revised beginning of year		7,345,107
End of year	$	8,931,765

See notes to financial statements.

NOTE 1. PLAN DESCRIPTION

The following description of the Murad, Inc. 401(k) Savings Plan (the "Plan") provides only general information. Participants and other interested parties should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering eligible employees who have been employed by Murad, Inc. or Skin Research Laboratories, Inc. (collectively, the "Company" and the "Plan Sponsor") for 30 days and have attained 21 years of age. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions

Each year, participants may contribute from one percent to 25 percent of pre-tax annual compensation, as defined in the Plan and subject to certain limitations under the Internal Revenue Code ("IRC"). Participants may also contribute amounts representing distributions from other eligible retirement plans, as defined in the Plan.

The Plan provides for discretionary Company matching contributions and for the year ended December 31, 2012, the Company matched each participant's deferral at the rate of 50 percent of the participant's deferral up to a maximum of $3,000. The Company matching contribution was $365,763, net of forfeitures of $7,431, for the year ended December 31, 2012.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of the Company's contribution and Plan earnings, and charged with any withdrawals or distributions requested by the participant, investment losses and allocation of administrative expenses, if applicable. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the Company's contribution portion of their accounts is based on years of service. Participants are vested in Company contributions over a five-year period, as defined in the Plan.

Forfeitures

Forfeitures of Company contributions may be used to pay Plan administrative expenses or to reduce future Company contributions. During the year ended December 31, 2012, forfeitures of $8,208 were utilized to pay Plan administrative expenses and $7,431 was utilized to reduce Company contributions. As of December 31, 2012 forfeitures of $79,383 are available for future use.

NOTE 1. PLAN DESCRIPTION (Continued)

Payment of Benefits

On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account as permitted under the Plan. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, primarily from information provided by City National Bank (the "Trustee").

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Accounting principles generally accepted in the United States of America require that the amount representing the difference between the fair value of a fully benefit-responsive investment contract and the contract value be presented on the face of the statements of net assets available for plan benefits. The investments and changes therein of the funds have been reported to the Plan by the Trustee using fair value.

Investments are valued daily. Interest income is recorded on an accrual basis. Dividend income is included in net appreciation of investments.

Concentration of Risk

The Plan's investments have exposure to risk to the extent that the investments are subject to market and interest rate fluctuations that may materially affect the value of the investment balances.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative Expenses

Certain administrative expenses incidental to the administration of the Plan, including fees of the Trustee and independent public accountants may be paid by the Plan. Administrative expenses not paid by the Company are paid by the Plan.

Most investment options have fees which reduce the overall return on assets. The net appreciation of investments is reflected net of these fees.

Benefits Payable to Participants

Benefits are recorded when paid.

Fair Value

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

- Level 1 – Inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are inactive; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 – Inputs to the valuation that are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

Money Market Fund – This is a cash equivalent priced at par and valued at fair value and, therefore, classified as Level 1 within the valuation hierarchy.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value (Continued)

Collective Investment Trust – The fair value of conventional investment contracts in the Morley Financial Stable Value Fund, held in a collective investment trust, is determined using a discounted cash flow methodology where the individual contract cash flows are discounted at the prevailing interpolated yield curve rate as of year-end. Individual assets of the synthetic investment contract are generally valued at representative quoted market prices. Short-term securities, if any, are stated at amortized cost, which approximates market value. Debt securities are valued on the basis of valuations furnished by a pricing service which determines valuations using methods based on market transactions for comparable securities and various relationships between securities which are generally recognized by institutional traders. The collective investment trust is not a publicly-quoted price in an active market and therefore is classified as Level 2 within the valuation hierarchy.

The primary investment objective of the Morley Financial Stable Value Fund is to seek the preservation of capital, relatively stable returns consistent with its comparatively low risk profile, and liquidity for benefit-responsive payments. The Morley Financial Stable Value Fund, held in a collective investment trust, does not have any unfunded commitments relating to its investments, or any significant restrictions on redemptions. Participant-directed redemptions can be made on any business day and do not have a redemption notice period.

BC Baseball Academy, LLC Partnership – The BC Baseball Academy, LLC is privately held and valued based on an independent appraisal that utilizes unobservable inputs and therefore classified as Level 3 within the valuation hierarchy. The investment is self-directed and held by one participant in the Plan. For the year ended December 31, 2011, the appraisal has been prepared using the Limited Scope Fractional Interest Market Valuation methodology.

A Limited Scope Fractional Interest Market Valuation is the inherent value utilized by a tax-deferred qualified plan for the purposes of allocating and distributing benefits in a manner that is as fair as possible or providing value for a reasonable estate analysis, given the limitation that no readily available market exists for this investment. For the year ended December 31, 2012, the valuation amount utilized for the year ended December 31, 2011 was discounted at 20 percent to determine the value as of December 31, 2012.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31:

	Investments at Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market fund	$ 46,400	$ -	$ -	$ 46,400
Target date funds	2,107,701	-	-	2,107,701
Growth funds	1,390,001	-	-	1,390,001
Blend funds	2,225,042	-	-	2,225,042
Value funds	646,033	-	-	646,033
Fixed income funds	1,214,110	-	-	1,214,110
Total mutual funds	7,629,287	-	-	7,629,287
Collective investment trust	-	1,062,997	-	1,062,997
BC Baseball Academy, LLC	-	-	100,776	100,776
Total investments at fair value	$ 7,629,287	$ 1,062,997	$ 100,776	$ 8,793,060

	Investments at Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market fund	$ 41,624	$ -	$ -	$ 41,624
Target date funds	1,530,413	-	-	1,530,413
Growth funds	1,213,028	-	-	1,213,028
Blend funds	1,952,468	-	-	1,952,468
Value funds	405,173	-	-	405,173
Fixed income funds	893,949	-	-	893,949
Total mutual funds	6,036,655	-	-	6,036,655
Collective investment trust	-	1,032,552	-	1,032,552
BC Baseball Academy, LLC	-	-	126,008	126,008
Total investments at fair value	$ 6,036,655	$ 1,032,552	$ 126,008	$ 7,195,215

The investment in the BC Baseball Academy Company, LLC partnership is classified as a Level 3 investment. The table below sets forth a summary of changes in the fair value of the investment for the years ended December 31:

	2012	2011
Balance, beginning of year	$ 126,008	$ -
Realized/unrealized gains (losses), net	(25,232)	(73,992)
Purchases	-	200,000
Sales	-	-
Issuances	-	-
Balance, end of year	$ 100,776	$ 126,008

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Period Adjustment

The statement of net assets available for plan benefits as of December 31, 2011 was understated by $48,506 due to an error in reporting a miscellaneous liability relating to forfeited Company matching contributions. The statement of net assets available for plan benefits as of December 31, 2011 was overstated by $73,992 due to an error in reporting the value of the BC Baseball Academy, LLC common stock. The accompanying financial statements reflect the correction of these errors as a net prior period adjustment.

Reclassifications

Reclassifications have been made to the prior year presentation of the Plan's investments at fair value by investment type to conform to the current year presentation.

NOTE 3. PARTICIPANT LOANS

Participants may borrow from their fund accounts up to a maximum equal to the lesser of $50,000 less the highest outstanding loan balance during the prior 12 months or 50 percent of their account balance. The loans are stated at the unpaid principal amount, secured by the balance in the participant's account and bear interest at 4.25 percent. Principal and interest are paid ratably through payroll deductions.

NOTE 4. INVESTMENTS

Investment options are selected by the Plan Sponsor and are participant-directed. The participants have several investments they can choose from. See the attached Schedule of Assets (Held at End of Year) for a detailed listing of investments.

The following presents investments that represent five percent or more of the Plan's net assets at December 31:

	2012		2011	
Morley Financial Stable Value Fund	$ 1,042,974	*	$ 1,007,405	*
American Funds EuroPacific Growth Fund	713,449		609,363	
Dreyfus S&P 500 Index Fund	1,176,566		1,062,739	
John Hancock III Disciplined Value Fund	495,387		**	
PIMCO Total Return Fund	887,428		661,254	
William Blair Growth Fund	815,649		**	
Fidelity Advisor Freedom 2040 Fund	570,239		***	
Calamos Growth Fund	**		724,406	

* Amount represents contract value.
** Fund was not an option in the Plan as of December 31.
*** Less than five percent of net assets at December 31.

NOTE 4. INVESTMENTS (Continued)

For the year ended December 31, 2012, net appreciation of investments in registered investment companies (mutual funds) was $857,876 and net depreciation of the BC Baseball Academy, LLC partnership was $25,232.

NOTE 5. PLAN TERMINATION

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan, subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their Company contributions.

NOTE 6. TAX STATUS

The Plan adopted a prototype plan, which is the subject of a favorable tax opinion letter from the IRS dated March 31, 2008. The Company routinely self-reviews the administration of the Plan and self-corrects any compliance issues in accordance with the Employee Plans Compliance Resolution System. The Company has identified an operational error related the Plan's operation and is in the process of submitting a Voluntary Correction Procedure to the IRS. Until the VCP is approved by the IRS, uncertainty exists as to whether the Company will need to make additional corrective contributions to the Plan and if so, the amount if any. Except for the operational error identified by the Company that is the subject of the VCP, the plan administrator believes that the Plan is designed in accordance with applicable sections of the IRC and, accordingly, is exempt from income taxes.

Accounting principles generally accepted in the United States of America require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. 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 2009.

NOTE 7. FINANCIAL DATA CERTIFIED BY THE TRUSTEE

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the following information was certified by the Trustee and was not subjected to any auditing procedures performed by the independent public accountants:

a. Participant-directed investments and participant loans as shown in the accompanying statements of net assets available for plan benefits of $8,793,060, and $158,503, respectively, less value of Partnership of $100,776, as of December 31, 2012 and $7,195,215 and $175,039, respectively, less value of Partnership of $126,008 as of December 31, 2011.

NOTE 7. FINANCIAL DATA CERTIFIED BY THE TRUSTEE (Continued)

b. Net appreciation of investments of $832,644, less depreciation of Partnership of $25,232, and interest income on investments and participant loans of $14 and $8,024, respectively, as shown in the accompanying statement of changes in net assets available for plan benefits for the year ended December 31, 2012.

c. Total assets as of December 31, 2012, less Partnership, as shown in the accompanying Schedule of Assets (Held at End of Year).

NOTE 8. PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by the Trustee. Transactions with the Trustee qualify as party-in-interest transactions for which exemptions exist. The Trustee holds the Plan's investments and provides recordkeeping and administrative services and the Trustee receives indirect compensation in the form of interest on excess balances held at Federal Reserve Banks equal to 25 basis points on those balances. The Trustee received $8,208 for administrative fees paid by the Plan and $2,527 for participant loans administration and transaction fees that were paid by participants through the Plan and receives additional indirect compensation based on a formula.

NOTE 9. DELINQUENT PARTICIPANT CONTRIBUTIONS

Certain contributions were not remitted to the Trustee within the maximum period permitted under the Department of Labor's regulations. These late remittances are detailed in the attached Schedule of Delinquent Participant Contributions.

NOTE 10. RECONCILIATION TO FORM 5500

Below is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500 as of December 31:

	2012	2011
Net assets available for plan benefits per the financial statements	$ 8,931,765	$ 7,345,107
Accounting differences	(40,388)	25,486
Net assets available for plan benefits per the Form 5500	$ 8,891,377	$ 7,370,593

NOTE 11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through October 15, 2013, which is the date that the financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.

MURAD, INC. 401(k) SAVINGS PLAN

EIN 95-4299353 PLAN #001

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

DECEMBER 31, 2012

	Identity of issue	Description of investment	Current value
Collective Investment Trust:			
*	Morley Financial Stable Value Fund	Collective investment trust	$ 1,062,997
Cash Equivalent:			
*	CNI Charter Prime Money Market Fund	Money market fund	46,400
Partnership:			
*	BC Baseball Academy, LLC	Common stock, 152 shares	100,776
Mutual Funds:			
*	American Funds American Balanced Fund	Mutual fund	40,131
*	American Funds EuroPacific Growth Fund	Mutual fund	713,449
*	American Funds New World Fund	Mutual fund	58,513
*	CNI Charter Government Bond Fund	Mutual fund	215,715
*	Columbia Acorn Fund	Mutual fund	374,338
*	Columbia Mid Cap Value Fund	Mutual fund	69,045
*	Delaware Small Cap Value Fund	Mutual fund	67,120
*	Dreyfus MidCap Index Fund	Mutual fund	61,787
*	Dreyfus S&P 500 Index Fund	Mutual fund	1,176,566
*	Dreyfus Small Cap Stock Index Fund	Mutual fund	100,306
*	Eagle Small Cap Growth Fund	Mutual fund	62,045
*	Fidelity Advisor High Income Advantage Fund	Mutual fund	43,395
*	Fidelity Advisor Technology Fund	Mutual fund	79,456
*	John Hancock III Disciplined Value Fund	Mutual fund	495,387
*	PIMCO Total Return Fund	Mutual fund	887,428
*	Franklin Templeton Global Bond Fund	Mutual fund	110,967
*	William Blair Growth Fund	Mutual fund	815,649
*	Fidelity Advisor Freedom Income Fund	Asset allocation mutual fund	103,889
*	Fidelity Advisor Freedom 2005 Fund	Asset allocation mutual fund	3,152
*	Fidelity Advisor Freedom 2010 Fund	Asset allocation mutual fund	5,532
*	Fidelity Advisor Freedom 2015 Fund	Asset allocation mutual fund	28,756
*	Fidelity Advisor Freedom 2020 Fund	Asset allocation mutual fund	400,087
*	Fidelity Advisor Freedom 2025 Fund	Asset allocation mutual fund	257,816
*	Fidelity Advisor Freedom 2030 Fund	Asset allocation mutual fund	320,746
*	Fidelity Advisor Freedom 2035 Fund	Asset allocation mutual fund	250,313
*	Fidelity Advisor Freedom 2040 Fund	Asset allocation mutual fund	570,239
*	Fidelity Advisor Freedom 2045 Fund	Asset allocation mutual fund	83,364
*	Fidelity Advisor Freedom 2050 Fund	Asset allocation mutual fund	187,696
	Total mutual funds		7,582,887
	Total participant-directed investments		8,793,060
*	Participant Loans	Interest rates at 4.25%	158,503
			$ 8,951,563

* Indicates a party-in-interest to the Plan.

See notes to financial statements and accompanying independent auditor's report.

MURAD, INC. 401(k) SAVINGS PLAN

EIN 95-4299353 PLAN #001

SCHEDULE H, LINE 4a - SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

Participant Contributions Transferred Late to Plan	Check here if Late Participant Loan Repayments are included?	Total that Constitutes Nonexempt Prohibited Transactions: Contributions Not Corrected	Contributions Corrected Outside VFCP*	Contributions Pending Correction in VFCP*	Total Fully Corrected Under VFCP and PTE 2002-51
$ 39,206 **	✓	$ -	$ 39,206 **	$ -	$ -

* Voluntary Fiduciary Correction Program

** Contributions were deposited to the Plan during 2012 and earnings restitution of $6 was paid May 23, 2013 and $4 was paid July 23, 2013.

See notes to financial statements and accompanying independent auditor's report.

MURAD, INC. 401(k) SAVINGS PLAN

EIN 95-4299353 PLAN #001

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

DECEMBER 31, 2012

	Identity of issue	Description of investment	Current value
Collective Investment Trust:			
*	Morley Financial Stable Value Fund	Collective investment trust	$ 1,062,997
Cash Equivalent:			
*	CNI Charter Prime Money Market Fund	Money market fund	46,400
Partnership:			
*	BC Baseball Academy, LLC	Common stock, 152 shares	100,776
Mutual Funds:			
*	American Funds American Balanced Fund	Mutual fund	40,131
*	American Funds EuroPacific Growth Fund	Mutual fund	713,449
*	American Funds New World Fund	Mutual fund	58,513
*	CNI Charter Government Bond Fund	Mutual fund	215,715
*	Columbia Acorn Fund	Mutual fund	374,338
*	Columbia Mid Cap Value Fund	Mutual fund	69,045
*	Delaware Small Cap Value Fund	Mutual fund	67,120
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*	Dreyfus S&P 500 Index Fund	Mutual fund	1,176,566
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*	Eagle Small Cap Growth Fund	Mutual fund	62,045
*	Fidelity Advisor High Income Advantage Fund	Mutual fund	43,395
*	Fidelity Advisor Technology Fund	Mutual fund	79,456
*	John Hancock III Disciplined Value Fund	Mutual fund	495,387
*	PIMCO Total Return Fund	Mutual fund	887,428
*	Franklin Templeton Global Bond Fund	Mutual fund	110,967
*	William Blair Growth Fund	Mutual fund	815,649
*	Fidelity Advisor Freedom Income Fund	Asset allocation mutual fund	103,889
*	Fidelity Advisor Freedom 2005 Fund	Asset allocation mutual fund	3,152
*	Fidelity Advisor Freedom 2010 Fund	Asset allocation mutual fund	5,532
*	Fidelity Advisor Freedom 2015 Fund	Asset allocation mutual fund	28,756
*	Fidelity Advisor Freedom 2020 Fund	Asset allocation mutual fund	400,087
*	Fidelity Advisor Freedom 2025 Fund	Asset allocation mutual fund	257,816
*	Fidelity Advisor Freedom 2030 Fund	Asset allocation mutual fund	320,746
*	Fidelity Advisor Freedom 2035 Fund	Asset allocation mutual fund	250,313
*	Fidelity Advisor Freedom 2040 Fund	Asset allocation mutual fund	570,239
*	Fidelity Advisor Freedom 2045 Fund	Asset allocation mutual fund	83,364
*	Fidelity Advisor Freedom 2050 Fund	Asset allocation mutual fund	187,696
	Total mutual funds		7,582,887
	Total participant-directed investments		8,793,060
*	Participant Loans	Interest rates at 4.25%	158,503
			$ 8,951,563

* Indicates a party-in-interest to the Plan.

See notes to financial statements and accompanying independent auditor's report.

Attachment to 2012 Form 5500
Schedule H, line 4a - Schedule of Delinquent Participant Contributions

Plan Name Murad, Inc. 401(k) Savings Plan **EIN:** 95-4299353
Plan Sponsor's Name Murad Skin Research Laboratories, Inc. **PN:** 001

	Total that Constitute Nonexempt Prohibitied Transactions			
Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
Check here if Late Participant Loan Repayments are included: [X]	0	39,206	0	0