UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 27, 2018

COMPASS DIVERSIFIED HOLDINGS
(Exact name of registrant as specified in its charter)

Delaware	**001-34927**	**57-6218917**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

COMPASS GROUP DIVERSIFIED HOLDINGS LLC
(Exact name of registrant as specified in its charter)

Delaware	**001-34926**	**20-3812051**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

301 Riverside Avenue
Second Floor
Westport, CT 06880
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (203) 221-1703

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Section 8 Other Events
Item 8.01 Other Events

As previously disclosed, on February 26, 2018, Compass Group Diversified Holdings LLC (the "Company") and Compass Diversified Holdings ("Holdings," and together with the Company, collectively “CODI”, “us” or “we”) completed the transaction whereby, one of CODI’s existing portfolio companies, Sterno Products, LLC, a Delaware limited liability company (“Sterno”), acquired all of the issued and outstanding capital stock of Rimports, Inc., a Utah corporation (“Rimports”), pursuant to a Stock Purchase Agreement, dated January 23, 2018 (the “Stock Purchase Agreement”), by and among Sterno and Jeffery W. Palmer, individually and in his capacity as Seller Representative, the Jeffery Wayne Palmer Dynasty Trust dated December 26, 2011, the Angela Marie Palmer Irrevocable Trust dated December 26, 2011, the Angela Marie Palmer Charitable Lead Trust, the Fidelity Investments Charitable Gift Fund, the TAK Irrevocable Trust dated June 7, 2012, and the SAK Irrevocable Trust dated June 7, 2012. This Current Report on Form 8-K/A (the "Amended Report") updates the Current Report on Form 8-K filed by CODI on February 27, 2018 (the "Original Report") to include the audited financial statements financial statements of Rimports and the unaudited pro forma financial information of CODI in accordance with Item 9.01 of Form 8-K. No other amendments to the Original Report are being made by the Amended Report.

Section 9 Financial Statements and Exhibits
Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

The audited consolidated financial statements of Rimports, Inc. for the fiscal year ended February 28, 2017 are attached hereto as Exhibit 99.1 and are incorporated by reference into this Item 9.01(a) and made a part hereof.

The unaudited consolidated interim financial statements of Rimports for the nine months ended November 30, 2017 are attached hereto as Exhibit 99.2 and are incorporated by reference into this item 9.01(a) and made a part hereof.

(b) Pro Forma Financial Information.

The following unaudited pro forma financial information of CODI is attached hereto as Exhibit 99.3 and is incorporated by reference into this Item 9.01(b) and made a part hereof: (i) unaudited condensed consolidated pro forma balance sheet at December 31, 2017 and notes thereto, and (ii) unaudited condensed combined pro forma statements of operations for the fiscal year ended December 31, 2017 and the notes thereto.

(d) Exhibits.

23.1	Consent of Hawkins
99.1	Audited consolidated financial statements of Rimports as of and for the year ended February 28, 2017
99.2	Unaudited interim consolidated financial statements of Rimports as of and for the nine months ended November 30, 2017
99.3	Unaudited Condensed Combined Pro Forma Balance Sheet of Compass Diversified Holdings at December 31, 2017 and notes thereto and Unaudited Condensed Combined Pro Forma Statements of Operations for the year ended December 31, 2017 and notes thereto

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 19, 2018	COMPASS DIVERSIFIED HOLDINGS
	By: /s/ Ryan J. Faulkingham
	Ryan J. Faulkingham *Regular Trustee*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 19, 2018	COMPASS GROUP DIVERSIFIED HOLDINGS LLC
	By: /s/ Ryan J. Faulkingham
	Ryan J. Faulkingham *Chief Financial Officer*

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (No. 333-147217 and No. 333-214949) on Form S-3 of Compass Diversified Holdings of our report dated May 31, 2017, relating to the consolidated financial statements of Rimports Inc. and Subsidiaries, appearing in this Current Report on Form 8-K/A.

/s/ Hawkins

Orem, Utah
April 19, 2018

Exhibit 99.1

Rimports Inc. and Subsidiaries

Consolidated Financial Statements

February 28, 2017

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Independent Auditors' Report

To the Stockholders
Rimports Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Rimports Inc. and Subsidiaries, which comprise the consolidated balance sheet as of February 28, 2017, and the related consolidated statement of comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rimports Inc. and Subsidiaries as of February 28, 2017, and the results of their operations and their cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 7, the Company has a large sales concentration with one customer. Although there is no formal continuing contract with this customer, the Company has an ongoing relationship with this customer and does not anticipate any reductions or changes to the scope of this relationship.

/s/ Hawkins

Hawkins is a division of Hawkins Advisors, LC, a Utah Limited Liability Company.

Orem, Utah

May 31, 2017

Rimports Inc. and Subsidiaries
Consolidated Balance Sheet
February 28, 2017

Assets

		2017
Current Assets		
Cash and cash equivalents	$	18,818,071
Accounts receivable, net		16,384,368
Inventory, net		25,405,178
Other current assets		255,650
Total current assets		60,863,267
Noncurrent Assets		
Fixed assets, net of accumulated depreciation		1,770,879
Other assets		31,588
Total noncurrent assets		1,802,467
Total assets	$	62,665,734

Liabilities and Stockholders' Equity

Current Liabilities		
Accounts Payable	$	4,268,748
Accrued liabilities		1,931,277
Line of Credit		20,000,000
Current portion of notes payable		522,103
Total current liabilities		26,722,128
Long Term Liabilities		
Notes Payable		421,388
Total liabilities		27,143,516
Stockholders' Equity		
Retained earnings		36,079,176
Accumulated other comprehensive income (loss)		(556,958)
Total stockholders' equity		35,522,218
Total liabilities and stockholders' equity	$	62,665,734

See accompanying notes to consolidated financial statements

Rimports Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Period Ended February 28, 2017

		12 Months Ended February 28, 2017
Operating Income		
Sales, net	$	140,326,449
Cost of goods sold		(104,331,471)
Gross Profit		35,994,978
Operating Expenses		
Design, selling, general and administrative expenses		7,913,337
Operating income		28,081,641
Other Income (Expense)		
Interest (expense), net		(334,649)
Other income (expense)		28,815
Total other (expense)		(305,834)
Net income		27,775,807
Gain (loss) on foreign currency translation		107,038
Comprehensive income	$	27,882,845

See accompanying notes to consolidated financial statements

Rimports Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
For the Period Ended February 28, 2017

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at February 29, 2016	$ 26,307,972	$ (663,996)	$ 25,643,976
Distributions	(18,004,603)	—	(18,004,603)
Comprehensive income:			
Net income	27,775,807	—	27,775,807
Foreign currency translation gain	—	107,038	107,038
Balance at February 28, 2017	$ 36,079,176	$ (556,958)	$ 35,522,218

See accompanying notes to consolidated financial statements

Rimports Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Period Ended February 28, 2017

		12 Months Ended February 28, 2017
Operating Activities		
Net income	$	27,775,807
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		662,267
Chargeback reserve		58,473
Inventory reserve		1,496,368
Changes in operating assets and liabilities:		
Accounts receivable		(8,690,733)
Inventory		(9,452,105)
Other assets		115,426
Accounts payable		786,656
Accrued liabilities		(201,028)
Net cash provided by operating activities		12,551,131
Investing Activities		
Purchases of fixed assets		(221,817)
Net cash used by investing activities		(221,817)
Financing Activities		
Net change in line of credit		12,000,000
Repayment of notes payable		(507,742)
Distributions to stockholders		(18,004,603)
Net cash used by financing activities		(6,512,345)
Effect of exchange rate changes on cash		86,461
Net change in cash and cash equivalents		5,816,969
Cash and cash equivalents at beginning of year		12,914,641
Cash and cash equivalents at end of year	$	18,818,071

Supplemental Disclosures

The Company paid $362,699 in interest for the period ended February 28, 2017.

The Company paid no income taxes for the period ended February 28, 2017.

See accompanying notes to consolidated financial statements

Note 1 - Summary of Significant Accounting Policies

Nature of Business and Principles of Consolidation

Rimports Inc. is a Utah-based manufacturing and distributing company that specializes in home products for mass market distribution. Rimports (Canada) LTD. is a Canadian distributing corporation, with 100 shares issued and authorized, and is a 100% owned subsidiary of Rimports Inc. During the 14 months ended February 29, 2016 a new subsidiary in China, Rimports (Shenzen), LLC, was formed. It is a 100% owned subsidiary of Rimports Inc. and has not yet begun principal operations (collectively, Rimports Inc., Rimports (Canada) LTD., and Rimports (Shenzen), LLC are referred to herein as the Company). The Company's primary product line is wickless candle products consisting of wax and wax warmers and is marketed under the brand name "ScentSationals."

All material intercompany balances and transactions have been eliminated in consolidation.

During the 14 months ended February 29, 2016, the Company changed its name from Rimports (USA) LLC to Rimports Inc. and became an S Corporation.

Fiscal Year-End Change

The stockholders approved a change to the Company's fiscal year-end from December 31 to the last day in February. As a result of this change, the fiscal year-end 2016 was a 14-month period beginning January 1, 2015 and ending February 29, 2016.

The following table shows the fiscal months included within the financial statements and footnotes for fiscal 2017.

2017 - March 2016 - February 2017

Method of Accounting and Use of Estimates

The Company's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Significant estimates include an allowance for customer chargebacks, an allowance for obsolete and slow-moving inventory, and allocations of overhead to inventories. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized only when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price is fixed or determinable and collectability is reasonably assured. Taxes assessed by governmental authorities on the sale of products are excluded from net revenues.

Cash and Cash Equivalents

The Company considers short-term investments with original maturities of 3 months or less to be cash equivalents. The Company maintains bank accounts at financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Accounts Receivable and Allowance for Chargebacks

Trade receivables are recorded at the invoice amount. The Company maintains an allowance for customer chargebacks for invoice differences, such as defective units and quantities shipped short of items billed, based on historical experience and management's knowledge of its customers' receiving and payment practices. Based on this analysis, management determined that an allowance for chargebacks of $1,892,983 was appropriate as of February 28, 2017. Management has determined that no allowance for doubtful accounts is necessary based on the nature of their major customer and payment histories of other customers. See Note 7.

Inventory

At February 28, 2017 all inventories are valued at average cost. Such valuations are not in excess of net realizable value. Finished goods inventory includes materials, labor, and allocated overhead. Management identifies and evaluates slow moving and obsolete inventory and adjusts the carrying value of inventory accordingly through cost of goods sold when needed. Based on this analysis, management determined that an allowance for obsolete and slow-moving inventory of $5,305,922 was appropriate as of February 28, 2017.

Inventories consist of the following:

		2017
Raw materials and supplies	$	4,191,754
Finished goods		26,519,346
Allowance		(5,305,922)
	$	25,405,178

Fixed Assets and Depreciation

Fixed assets are recorded at cost. Provisions for depreciation of fixed assets are computed on the straight-line method over estimated useful lives of 3 - 7 years. Leasehold improvements are amortized to depreciation expense over the lesser of the estimated useful life of the asset or the lease term. Depreciation expense for the period ended February 28, 2017 totaled $676,646, and is included in cost of goods sold and other operating expenses on the income statement.

The Company evaluates the carrying value of its long-lived assets whenever events or changes in circumstances indicate that the carrying value of the asset may be impaired. An impairment loss is recognized when estimated future cash flows expected to result from the use of the assets, including disposition, are less than the carrying value of the asset.

Maintenance, repairs, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses from dispositions of fixed assets are reflected in income.

Shipping and Handling Costs

The Company includes shipping and handling costs in costs of goods sold on the consolidated statement of comprehensive income. Shipping and handling fees charged to customers are included in net sales.

Income Taxes

Rimports (USA) LLC was organized as a limited liability company and elected to be taxed under the partnership provisions of the Internal Revenue Code through July 31, 2015. Effective August 1, 2015 Rimports (USA) LLC converted to a corporation, Rimports Inc., and elected to be taxed as an S corporation. Under those provisions, the Company does not pay federal corporate income tax on its earned income. Instead, the members/shareholders are liable for individual federal income taxes on earned income. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. Although the Company changed its fiscal year-end for financial reporting purposes, Rimports Inc. files tax returns on a calendar year-end. There was no change to the tax status of Rimports (Canada) LTD.

Guidance on accounting for uncertainty in income taxes requires management to evaluate the Company's tax positions. Management concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by U.S. federal, state, local, or Chinese tax authorities for years before 2013. The Company is no longer subject to income tax examinations by Canadian authorities for years before 2009.

Advertising Costs

Advertising costs are expensed as incurred. The Company’s advertising expense for the period ended February 28, 2017 was $198,560.

Fair Value of Financial Instruments

The carrying amounts reported in the accompanying balance sheet for cash, certificate of deposit, accounts receivable, and accounts payable approximate fair values because of the immediate or short-term maturities of these financial instruments.

The fair value of the long-term debt is estimated using discounted cash flow analyses, based on the borrowing rates currently available to the Company for bank loans with similar items and average maturities. The fair value of the Company’s notes payable approximated its carrying value at February 28, 2017.

Recent Accounting Pronouncements

In July 2015, the FASB issued Accounting Standards Update (ASU) 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, which amends the accounting standards related to subsequent measurement of inventory to use a lower of cost or net realizable value test instead of the current lower of cost or market test. ASU 2015-11 is effective for annual periods beginning after December 15, 2016, with early adoption being permitted. During the period ended February 29, 2016 the Company adopted this standard in order to simplify the subsequent measurement of its inventories. The Company applied this standard prospectively, as required. Adoption of this standard had no effect on the valuation of inventories.

In February 2016 the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires substantially all leases to be recorded as assets and lease liabilities on the balance sheet. It is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The standard is required to be adopted using a modified retrospective transition. The Company has not yet evaluated its leases to determine the impact this standard will have.

In May 2014 the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes most existing revenue recognition standards. It is effective for annual periods beginning after December 15, 2018. There are several other ASUs issued that amend and clarify this ASU. The standard is required to be adopted using a retrospective transition. The Company has not yet evaluated the impact these standards will have on its revenue recognition.

Note 2 - Other Current Assets

At period end, the Company's other current assets consisted of the following:

		2017
Vendor Deposits	$	47,999
Deposits for equipment		44,470
Prepaid expenses		143,358
Input tax credits		19,823
	$	255,650

Note 3 - Fixed Assets

The components of fixed assets and the aggregate related accumulated depreciation at period end are as follows:

		2017
Vehicles	$	31,337
Equipment		4,979,142
Furniture		75,486
Software		198,431
Leasehold improvements		237,663
		5,522,059
Less accumulated depreciation		(3,751,180)
	$	1,770,879

Note 4 - Line of Credit

The Company has a line of credit with a financial institution. The total amount available under this agreement was $50,000,000 at February 28, 2017. As of February 28, 2017, the outstanding balance on the line of credit was $20,000,000. The agreement calls for monthly interest-only payments, computed using a variable rate based on LIBOR plus 1.25%, and the principal is due on November 30, 2017. The agreement is secured by substantially all the Company's assets.

Note 5 - Notes Payable

During 2014, the Company entered into agreements for two notes payable of $1,171,179 and $877,320. The first note requires monthly payments of $25,784 and bears an annual interest rate of 2.73%. It matures in November 2018 and is secured by equipment. The second note requires monthly payments of $19,400 and bears an annual interest rate of 2.95%. It matures in December 2018 and is secured by equipment.

Aggregate maturities of long-term debt at February, 29, 2017 are as follows:

Year ending February 28,		
2018	$	522,103
2019		421,388
	$	943,491

Note 6 - Operating Leases

The Company has entered into four leases for facilities. The first lease is for a term of 60 months through February 2021. The agreement calls for initial monthly payments of $41,029, plus common area maintenance charges. The lease was amended to add additional space in September 2016 with a new resulting monthly base payment of $51,361. The payments for the lease escalate on an annual basis.

The second lease is for a term of 48 months through July 2019. The agreement calls for initial monthly payments of $66,974. Payments escalate on an annual basis. The Company also has the option to lease additional space as needed, for an additional rental cost on a square footage basis.

The third lease began in June 2015 and is for a term of 54 months through October 2019. The agreement replaced a previous lease that was supposed to terminate in October 2016. The agreement calls for initial monthly payments of $7,607. The payments escalate in May 2017. There is no renewal option.

The fourth lease is for a term of 36 months through April 2017. The agreement calls for initial monthly payments of $3,688. The payments escalate on an annual basis.

Total lease expense for the periods ending February 28, 2017 and February 29, 2016 was $1,981,164 and $1,923,766, the majority of which is allocated to cost of goods sold, and includes common area maintenance charges.

The annual amount due for the next four years per the lease agreements is as follows:

Year ending February 28 (29),		
2018	$	1,618,386
2019		1,639,702
2020		1,094,431
2021		667,138
	$	5,019,657

Note 7 - Concentrations

During the year ended February 28, 2017, one major customer comprises approximately 86% of the Company's net revenues. This customer accounted for approximately $121,163,000 in net sales. Although there is no formal continuing contract with this customer, the Company has an ongoing relationship with this customer and does not anticipate any reductions or changes to the scope of this relationship. The same customer accounts for approximately $16,396,000 (92%) of the Company’s accounts receivable at February 28, 2017.

During the year ended February 28, 2017, four major vendors comprise approximately 68% of the Company's purchases. These vendors accounted for approximately $73,900,000 in purchases. Although there is no formal continuing contract with these vendors, the Company does not anticipate any reductions or changes to the scope of this relationship.

Note 8 - Accumulated Other Comprehensive Income

Reclassifications out of accumulated other comprehensive income for the periods ended February 28, 2017 is as follows:

		2017
Beginning balance	$	(663,996)
Other comprehensive income before reclassifications		107,038
Amounts reclassified from accumulated other comprehensive income		—
Net current period other comprehensive income		107,038
Ending balance	$	(556,958)

Note 9 - Subsequent Events

The Company has evaluated subsequent events through May 31, 2017, for items that could have a material impact on the financial statements at February 28, 2017. May 31, 2017 is the date the financial statements were available for issuance. There were no subsequent events identified that could have a material impact on the financial statements.

Exhibit 99.2

Rimports Inc. and Subsidiaries

Consolidated Financial Statements as of the Nine Months Ended November 30, 2017

Rimports Inc. and Subsidiaries
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RIMPORTS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
November 30, 2017

		November 30, 2017
ASSETS		**(unaudited)**
CURRENT ASSETS		
Cash and Cash equivalents	$	35,358,492
Accounts receivable, net		36,876,941
Inventory, net		23,053,994
Other current assets		486,497
Total current assets		95,775,924
NON CURRENT Assets		
Fixed assets, net of accumulated depreciation		1,588,796
Other assets		40,482
Total assets	$	97,405,202
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	$	6,076,158
Accrued Liabilities		3,022,304
Line of credit		30,000,000
Current portion of notes payable		533,362
Total current liabilities		39,631,824
LONG-TERM LIABILITIES		
Notes Payable		19,897
Total liabilities		39,651,721
STOCKHOLDERS' EQUITY		
Retained Earnings		58,125,611
Accumulated other comprehensive income (loss)		(372,130)
Total stockholders' equity		57,753,481
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	97,405,202

The accompanying notes are an integral part of these condensed consolidated statements.

RIMPORTS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
For the Nine Months Ended November 30, 2017

	November 30, 2017 (unaudited)
Net Sales	$ 126,132,883
Cost of Sales	(91,198,270)
Gross Profit	34,934,613
Operating expenses:	
Design, selling, general and administrative expenses	6,557,419
Operating income	28,377,194
Other Income (Expense)	
Interest (expense), net	(317,155)
Other income (expense)	(10,000)
Total other (expense)	(327,155)
Net Income	28,050,039
Gain (loss) on foreign currency translation	184,828
Comprehensive income	$ 28,234,867

The accompanying notes are an integral part of these condensed consolidated statements.

RIMPORTS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

For the Nine Months Ended November 30, 2017
(unaudited)

	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at February 28, 2017	$ 36,079,176	$ (556,958)	$ 35,522,218
Distributions	(6,003,604)	—	(6,003,604)
Comprehensive Income:			
Net income	28,050,039	—	28,050,039
Foreign currency translation loss	—	184,828	184,828
Balance at November 28, 2017	$ 58,125,611	$ (372,130)	$ 57,753,481

The accompanying notes are an integral part of these condensed consolidated statements.

RIMPORTS INC. AND SUBSIDIARIES
CONSOLDIDATED STATEMENT OF CASH FLOWS
For the Nine Months Ended November 30, 2017
(unaudited)

		November 30, 2017
		(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$	28,050,039
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization		479,458
Chargeback reserve		636,767
Inventory reserve		132,048
Net changes in operating assets and liabilities		
Accounts receivable		(21,129,340)
Inventories		2,219,136
Other assets		(239,741)
Accounts payable		1,807,410
Accrued liabilities		1,091,027
Net cash from operating activities		13,046,804
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment		(297,375)
Net cash used in investing activities		(297,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line of credit		10,000,000
Repayment of notes payable		(390,232)
Distributions to stockholders		(6,003,604)
Net cash from financing activities		3,606,164
Effect of exchange rate changes on cash		184,828
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,355,593
CASH AND CASH EQUIVALENTS - Beginning of period		18,818,071
CASH AND CASH EQUIVALENTS - End of period	$	35,358,492
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$	346,852

The accompanying notes are an integral part of these condensed consolidated statements.

Note 1 - Summary of Significant Accounting Policies

Nature of Business and Principles of Consolidation

Rimports Inc. is a Utah-based manufacturing and distributing company that specializes in home products for mass market distribution. Rimports (Canada) LTD. is a Canadian distributing corporation, with 100 shares issued and authorized, and is a 100% owned subsidiary of Rimports Inc. During the 14 months ended February 29, 2016 a new subsidiary in China, Rimports (Shenzen), LLC, was formed. It is a 100% owned subsidiary of Rimports Inc. and has not yet begun principal operations (collectively, Rimports Inc., Rimports (Canada) LTD., and Rimports (Shenzen), LLC are referred to herein as the Company). The Company's primary product line is wickless candle products consisting of wax and wax warmers and is marketed under the brand name "ScentSationals."

All material intercompany balances and transactions have been eliminated in consolidation.

On August 1, 2015 the Company changed its name from Rimports (USA) LLC to Rimports Inc. and became an S Corporation.

Fiscal Year-End Change

In 2015 the stockholders approved a change to the Company's fiscal year-end from December 31 to the last day in February.

Method of Accounting and Use of Estimates

The Company's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the reporting period. Significant estimates include an allowance for customer chargebacks, an allowance for obsolete and slow-moving inventory, and allocations of overhead to inventories. Actual results could differ from those estimates.

Revenue Recognition

Revenue is recognized only when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the seller's price is fixed or determinable and collectability is reasonably assured. Taxes assessed by governmental authorities on the sale of products are excluded from net revenues.

Cash and Cash Equivalents

The Company considers short-term investments with original maturities of 3 months or less to be cash equivalents. The Company maintains bank accounts at financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Accounts Receivable and Allowance for Chargebacks

Trade receivables are recorded at the invoice amount. The Company maintains an allowance for customer chargebacks for invoice differences, such as defective units and quantities shipped short of items billed, based on historical experience and management's knowledge of its customers' receiving and payment practices. Based on this analysis, management determined that an allowance for chargebacks of $2,505,976 was appropriate as of November 30, 2017. Management has determined that no allowance for doubtful accounts is necessary based on the nature of their major customer and payment histories of other customers. See Note 7.

Inventory

At November 30, 2017 all inventories are valued at average cost. Such valuations are not in excess of net realizable value. Finished goods inventory includes materials, labor, and allocated overhead. Management identifies and evaluates slow moving and obsolete inventory and adjusts the carrying value of inventory accordingly through cost of goods sold when needed. Based on this analysis, management determined that an allowance for obsolete and slow-moving inventory of $5,416,107 was appropriate as of November 30, 2017.

Inventories Consist of the following:		**November 30, 2017**
Raw Materials	$	5,489,613
Finished Goods		22,980,488
Allowance		(5,416,107)
Total	$	23,053,994

Fixed Assets and Depreciation

Fixed assets are recorded at cost. Provisions for depreciation of fixed assets are computed on the straight-line method over estimated useful lives of 3 - 7 years. Leasehold improvements are amortized to depreciation expense over the lesser of the estimated useful life of the asset or the lease term. Depreciation expense for the the nine month period ended November 30, 2017 totaled $479,458 and is included in cost of goods sold and other operating expenses on the income statement.

The Company evaluates the carrying value of its long-lived assets whenever events or changes in circumstances indicate that the carrying value of the asset may be impaired. An impairment loss is recognized when estimated future cash flows expected to result from the use of the assets, including disposition, are less than the carrying value of the asset.

Maintenance, repairs, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses from dispositions of fixed assets are reflected in income.

Shipping and Handling Costs

The Company includes shipping and handling costs in costs of goods sold on the consolidated statement of comprehensive income. Shipping and handling fees charged to customers are included in net sales.

Income Taxes

Rimports (USA) LLC was organized as a limited liability company and elected to be taxed under the partnership provisions of the Internal Revenue Code through July 31, 2015. Effective August 1, 2015 Rimports (USA) LLC converted to a corporation, Rimports Inc., and elected to be taxed as an S corporation. Under those provisions, the Company does not pay federal corporate income tax on its earned income.

Instead, the members/shareholders are liable for individual federal income taxes on earned income. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. Although the Company changed its fiscal year-end for financial reporting purposes, Rimports Inc. files tax returns on a calendar year-end. There was no change to the tax status of Rimports (Canada) LTD.

Guidance on accounting for uncertainty in income taxes requires management to evaluate the Company's tax positions. Management concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by U.S. federal, state, local, or Chinese tax authorities for years before 2013. The Company is no longer subject to income tax examinations by Canadian authorities for years before 2009.

Advertising Costs

Advertising costs are expensed as incurred. The Company’s advertising expense for the nine months ended November 30, 2017 was $191,984.

Fair Value of Financial Instruments

The carrying amounts reported in the accompanying balance sheet for cash, accounts receivable, accounts payable and line of credit approximate fair values because of the immediate or short-term maturities of these financial instruments.

The fair value of the notes payable is estimated using discounted cash flow analyses, based on the borrowing rates currently available to the Company for bank loans with similar items and average maturities. The fair value of the Company's notes payable approximated its carrying value at November 30, 2017.

Note 2 - Other Current Assets

At period end, the Company's other current assets consisted of the following:

		November 30, 2017
Vendor deposits	$	56,544
Deposits for equipment		33,585
Prepaid expenses		362,080
Input tax credits		34,288
Total	$	486,497

Note 3 - Fixed Assets

The components of fixed assets and the aggregate related accumulated depreciation at period end are as follows:

		November 30, 2017
Vehicles	$	31,336
Equipment		5,241,722
Furniture		74,586
Software		198,430
Leasehold improvements		249,484
		5,795,558
Less accumulated depreciation		(4,206,762)
Total	$	1,588,796

Note 4 - Line of Credit

The Company has a line of credit with a financial institution. The total amount available under this agreement at November 30, 2017 was $50,000,000 with the outstanding balance at $30,000,000. The agreement, which was extended twelve months in November 2017, calls for monthly interest-only payments, computed using a variable rate based on LIBOR plus 1.25%, and the principal is due on November 30, 2018. The agreement is secured by substantially all the Company's assets. As of February 27, 2018 the line of credit had no outstanding balance. Borrowings under the line of credit are subject to certain covenants and restrictions on indebtedness and dividend payments.

Note 5 - Notes Payable

During 2014, the Company entered into agreements for two notes payable of $1,171,179 and $877,320. The first note requires monthly payments of $25,784 and bears an annual interest rate of 2.73%. It matures in November 2018 and is secured by equipment.

The second note requires monthly payments of $19,400 and bears an annual interest rate of 2.95%. It matures in December 2018 and is secured by equipment.

Aggregate maturities of long-term debt at November 30, 2017 are as follows:

Year ending November 30,		
2018	$	533,362
2019		19,897
Total	$	553,259

Note 6 - Operating Leases

The Company has entered into four leases for facilities. The first lease is for a term of 60 months through February 2021. The agreement calls for initial monthly payments of $41,029, plus common area maintenance charges. The lease was amended to add additional space in September 2016 with a new resulting monthly base payment of $51,361. The payments for the lease escalate on an annual basis.

The second lease was for a term of 48 months through July 2019. This lease was extended and leased space expanded at the end of October 2017 for an additional 65 months with a new resulting monthly base payment of $102,190. The payments for the lease escalate at certain times through the lease period. The Company also has the option to lease additional space as needed, for an additional rental cost on a square footage basis.

The third lease began in June 2015 and is for a term of 54 months through October 2019. The agreement replaced a previous lease that was supposed to terminate in October 2016. The agreement calls for initial monthly payments of $7,607. The payments escalate in May 2017. There is no renewal option.

The fourth lease was for an original term of 36 months through April 2017. The lease was renewed for an additional 36 months in May 2017. The renewal calls for initial monthly payments of $3,797. The payments escalate on an annual basis.

Total lease expense for the nine months ending November 30, 2017 was $1,654,598, the majority of which is allocated to cost of goods sold, and includes common area maintenance charges.

The annual amount due for the next four years per the lease agreements is as follows:

Year Ending November 30,		
2018	$	2,389,405
2019		2,584,376
2020		2,580,927
2021		2,073,399
Total	$	9,628,107

Note 7 - Concentrations

During the nine months ended November 30, 2017, one major customer comprises approximately 85% of the Company's net revenues. This customer accounted for approximately $107,379,424 in net sales. Although there is no formal continuing contract with this customer, the Company has an ongoing relationship with this customer and does not anticipate any reductions or changes to the scope of this relationship. The same customer accounts for approximately $35,539,270 (90%) of the Company's accounts receivable at November 30, 2017.

During the nine months ended November 30, 2017, four major vendors comprise approximately 66% of the Company's purchases. These vendors accounted for approximately $56,425,415 in purchases. Although there is no formal continuing contract with these vendors, the Company does not anticipate any reductions or changes to the scope of this relationship.

Note 8 - Accumulated Other Comprehensive Income

Reclassifications out of accumulated other comprehensive income for the nine months ended November 30, 2017 and November 30, 2016 are as follows:

	November 30, 2017	
	Foreign Currency	
Beginning Balance	$	(556,958)
Other Comprehensive income before reclassifications		184,828
Amounts reclassified from accumulated other comprehensive income		—
Net current period other comprehensive income		184,828
Ending Balance	$	(372,130)

Note 9 - Defined Contribution Plan

Beginning January 1, 2017, the Company implemented a defined contribution plan. The plan provides that all employees who have worked at least 12 months with at least 1,000 hours of service qualify for the plan. Such qualified employees can contribute up to the maximum allowed as determined by the IRS with the Company matching up to 4% of the qualified employee's salary or wages annually. Total expense related to the plan for the year ended November 30, 2017 was $93,161.

Note 10 - Subsequent Events

On February 27, 2018, Compass Diversified Holdings LLC (CODI) acquired the Company. This acquisition was made through its subsidiary Sterno Products, LLC. The purchase price of $145,000,000 (excluding working capital and a potential earn-out payment of up to $25 million based on future financial performance). The Company will operate as a wholly owned subsidiary of Sterno Products, LLC under the name Rimports LLC.

In December 2017 the Company paid a distribution to the owners totaling $12,000,000. This payment was primarily for the owners to pay their estimated income taxes. Such distributions and their timing are normally occurring, happening near the time Federal tax estimates are due.

The Company has evaluated subsequent events through February 27, 2018, for items that could have a material impact on the financial statements at November 30, 2017. February 27, 2018 is the date the financial statements were available for issuance.

Compass Diversified Holdings
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS
(Unaudited)

On February 26, 2018 Compass Group Diversified Holdings LLC (the "Company") and Compass Diversified Holdings ("Holdings" and together with the Company, collectively “CODI”) completed the transaction whereby one of CODI’s existing portfolio companies, Sterno Products, LLC, (“Sterno”), acquired all of the issued and outstanding capital stock of Rimports, Inc., (“Rimports”). The following pro forma condensed combined financial statements give effect to the acquisition of Rimports for a total purchase price of approximately $145.0 million, as further described in the Form 8-K that we filed on February 27, 2018. The following pro forma condensed combined financial statements also give effect to the acquisition of Foam Fabricators, Inc. ("Foam Fabricators") for a total purchase price of $247.5 million, as further described in the Form 8-K that we filed on February 16, 2018 and the Form 8-K/A that we filed on March 2, 2018.

The pro forma condensed combined statements of operations for the year ended December 31, 2017 give effect to the acquisitions of Foam Fabricators and Rimports as if the acquisitions had occurred on January 1, 2017. The proforma condensed combined balance sheet as of December 31, 2017 gives effect to the acquisitions of Foam Fabricators and Rimports as if the acquisition was completed on December 31, 2017.

Rimports has a February 28th year-end. The "as reported" financial information of Rimports represents the trailing twelve months ended November 30, 2017. The "as reported" financial information for Rimports is derived by combining the historical financial statements of Rimports for the nine months ended November 30, 2017 which are included elsewhere in this 8-K, and the three months ended February 28, 2017. The three months ended February 28, 2017 were derived from the accounting records of Rimports. Refer to Note 2 to the unaudited pro forma condensed combined financial statements for the combining income statement of Rimports for the twelve months ended November 30, 2017. The "as reported" financial information for Holdings is derived from the audited financial statements of Holdings as of December 31, 2017 and for the year ended December 31, 2017 as filed on Form 10-K dated February 28, 2018. The "as reported" financial information of Foam Fabricators is derived from the historical financial statements of Foam Fabricators as of and for the year ended December 31, 2017 as filed on Form 8-K/A on March 2, 2018.

Assumptions underlying the pro forma adjustments necessary to reasonably present this unaudited pro forma condensed combined financial information are described in the accompanying notes. The pro forma adjustments described in the accompanying notes have been made based on the available information and, in the opinion of management, are reasonable. The preliminary purchase price allocation for Rimports has not been prepared and the excess of purchase price paid less assets acquired and liabilities assumed has been allocated to goodwill for purposes of the pro forma condensed combined financial statements. The purchase price of Rimports includes a potential earn-out of up to $25 million contingent on the attainment of certain future performance criteria of Rimports for the twelve-month period from May 1, 2017 to April 30, 2018 and the fourteen month period from March 1, 2018 to April 30, 2019. The preliminary purchase price of Foam Fabricators has been allocated based on the estimated fair values as of the completion of the acquisition. The unaudited pro forma condensed combined statements of income reflect the adjustments to the historical consolidated results of operations that are expected to have a continuing effect. The unaudited pro forma condensed combined statement of income does not include certain items such as transaction costs related to the acquisitions. A full and detailed valuation of the assets and liabilities of Foam Fabricators and Rimports is in process and information related to the purchase price allocation remains pending at this time. The purchase price allocation is expected to result in a step up in the fair value of the inventory and property, plant and equipment, as well as a portion of the purchase price allocated to intangible assets. The intangible assets are expected to comprise tradenames, customer relationships and technology assets with estimated useful lives ranging from five to twenty years. The final purchase price allocation is subject to the final determination of the fair value of assets acquired and liabilities assumed and, therefore, that allocation and the resulting effect on income from operations may differ materially from the unaudited pro forma amounts included herein.

The historical consolidated financial information has been adjusted to give effect to estimated pro forma events that are directly attributable to the acquisition, factually supportable and, with respect to the unaudited pro forma condensed combined statement of income, expected to have a continuing impact on the consolidated results of operations. The unaudited pro forma condensed combined financial information should not be considered indicative of actual results that would have been achieved had the acquisition occurred on the date indicated and do not purport to indicate results of operations for any future period. You should read these unaudited pro forma condensed financial statements in conjunction with the accompanying notes, the financial statements of Rimports included in this Form 8-K and the consolidated financial statements for Holdings, including the notes thereto as previously filed.

Compass Diversified Holdings
Condensed Combined Pro Forma Balance Sheet at December 31, 2017
(unaudited)

	Compass Diversified Holdings as Reported	Foam Fabricators as Reported	Rimports as Reported	Pro Forma Adjustments		Pro Forma Combined Compass Diversified Holdings
Assets						
Current assets:						
Cash and cash equivalents	$ 39,885	$ 5,628	$ 35,358	$ —		$ 80,871
Accounts receivable, net	215,108	21,519	36,877	—		273,504
Inventories	246,928	11,863	23,054	664	**(a)**	282,509
Prepaid expenses and other current assets	24,897	2,326	487	—		27,710
Total current assets	526,818	41,336	95,776	664		664,594
Property, plant and equipment, net	173,081	7,800	1,589	15,555	**(a)**	198,025
Goodwill	531,689	—	—	150,245	**(a)**	681,934
Intangible assets, net	580,517	—	—	121,392	**(a)**	701,909
Other non-current assets	8,198	467	40	—		8,705
Total assets	$ 1,820,303	$ 49,603	$ 97,405	$ 287,856		$ 2,255,167
Liabilities and stockholders’ equity						
Current liabilities:						
Accounts payable	$ 84,538	$ 2,592	$ 6,076	$ —		$ 93,206
Accrued expenses	106,873	5,121	3,022	—		115,016
Due to related party	7,796	—	—	—		7,796
Current portion, long-term debt	5,685	—	30,000	(30,000)	**(b)**	5,685
Other current liabilities	7,301	—	533	10,000	**(a)**	17,834
Total current liabilities	212,193	7,713	39,631	(20,000)		239,537
Deferred income taxes	81,049	—	—	—		81,049
Long-term debt	584,347	—	—	392,500	**(c)**	976,847
Other non-current liabilities	16,715	—	20	15,000	**(a)**	31,735
Total liabilities	894,304	7,713	39,651	387,500		1,321,455
Stockholders’ equity						
Trust preferred shares, no par value	96,417	—	—	—		96,417
Trust common shares, no par value	924,680	—	—	—		924,680
Accumulated other comprehensive income (loss)	(2,573)	1,617	(372)	(1,245)	**(d)**	(2,573)
Accumulated deficit	(145,316)	40,273	58,126	(98,399)	**(e)**	(145,316)
Total stockholders’ equity attributable to Holdings	873,208	41,890	57,754	(99,644)		873,208
Noncontrolling interest	52,791	—	—	—		52,791
Total stockholders’ equity	925,999	41,890	57,754	(99,644)		925,999
Total liabilities and stockholders’ equity	$ 1,820,303	$ 49,603	$ 97,405	$ 287,856		$ 2,255,167

Refer to accompanying notes.

Compass Diversified Holdings
Condensed Combined Pro Forma Statement of Operations
for the year ended December 31, 2017
(unaudited)

(in thousands, except per share data)	Compass Diversified Holdings as Reported	Foam Fabricators as Reported	Rimports as Reported	Pro Forma Adjustments		Pro Forma Combined Compass Diversified Holdings
Net sales	$ 1,269,729	$ 126,389	$ 155,361	$ —		$ 1,551,479
Cost of sales	822,020	86,715	113,030	1,786	(f)	1,023,551
Gross profit	447,709	39,674	42,331	(1,786)		527,928
Operating expenses:						
Selling, general and administrative expense	318,484	12,401	8,524	—		339,409
Management fees	32,693	—	—	7,850	(g)	40,543
Amortization expense	52,003	—	—	8,233	(h)	60,236
Impairment expense	17,325	—	—	—		17,325
Operating income	27,204	27,273	33,807	(17,869)		70,415
Other income (expense)						
Interest expense, net	(27,623)	(55)	(449)	(14,411)	(i)	(42,538)
Amortization of debt issuance cost	(4,002)	—	—	—		(4,002)
Gain on equity method investment	(5,620)	—	—	—		(5,620)
Other income (expense), net	2,634	—	44	—		2,678
Income before income taxes	(7,407)	27,218	33,402	(32,280)		20,933
Provision for income taxes	(40,679)	1,172	—	8,160	(j)	(31,347)
Net income	33,272	26,046	33,402	(40,440)		52,280
Net income attributable to noncontrolling interest	5,621	—	—	—		5,621
Net income (loss) attributable to Holdings	$ 27,651	$ 26,046	$ 33,402	$ (40,440)		$ 46,659
Basic and fully diluted loss per share attributable to Holdings	$ (0.45)					$ (0.13)
Weighted average number of shares	59,900					59,900

Refer to accompanying notes.

Pro forma information is intended to reflect the impact of the acquisitions of Foam Fabricators and Rimports on the Company's historical financial position and results of operations through adjustments that are directly attributable to the transaction, that are factually supportable and, with respect to the pro forma statements of operations, that are expected to have a continuing impact. This information in Note 1 provides a description of each of the pro forma adjustments from each line item in the pro forma condensed combined financial statements together with information explaining how the adjustments were derived or calculated. The information in Note 2 provides the derivation of the statement of income of Rimports for the twelve months ended November 30, 2017. The information in Note 3 provides a description of the adjustments to fair value for Foam Fabricators and how those adjustments were determined based on a preliminary purchase price allocation. A full and detailed valuation of the assets and liabilities of Rimports is in process and the information related to the purchase price allocation remains pending at this time. The purchase price allocation for Rimports is expected to result in a step up in the fair value of the inventory and property, plant and equipment, as well as a portion of the purchase price allocated to intangible assets. For purposes of the pro forma condensed combined statements, the Rimports excess of purchase price paid less assets acquired and liabilities assumed, including a potential earnout, has been allocated to goodwill. All amounts are in thousands of dollars ($000's).

Note 1. Pro Forma Adjustments

Balance Sheet

The following adjustments correspond to those included in the unaudited condensed combined pro forma balance sheet as of December 31, 2017:

(a) The following reflects the adjustments necessary to allocate the excess of the purchase price for the acquisitions of Foam Fabricators and Rimports. The purchase price allocation for Foam Fabricators is based on a preliminary purchase price allocation and is subject to adjustment. The adjustment to inventory represents the estimated adjustment to step up Foam Fabricator's finished goods to fair value. The fair value was determined based on estimated selling price of finished goods and a normal profit margin on those selling costs. After the acquisition, the step-up in inventory will increase costs of sales over approximately two months as the inventory is sold. This increase is not reflected in the pro forma condensed combined financial statement of operations because it does not have a continuing impact on the results of operations. The purchase price of Rimports includes a potential earn-out of up to $25 million contingent on the attainment of certain future performance criteria of Rimports for the twelve-month period from May 1, 2017 to April 30, 2018 and the fourteen month period from March 1, 2018 to April 30, 2019. The fair value of the contingent consideration related to the earn-out has not yet been determined therefore the contingent consideration is reflected in the condensed combined pro forma balance sheet at the full settlement amount.

	Foam Fabricators	Rimports	Total
Inventory	$ 664	$ —	$ 664
Property, plant and equipment	15,555	—	15,555
Intangibles	121,392	—	121,392
Goodwill	67,999	82,246	150,245
	$ 205,610	$ 82,246	$ 287,856
Contingent consideration - current	$ —	$ 10,000	$ 10,000
Contingent consideration - long-term	—	15,000	15,000
	$ —	$ 25,000	$ 25,000

(b) Represents the elimination of historical Rimports indebtedness that was paid off using the acquisition proceeds.

	Foam Fabricators	Rimports	Total
Line of credit facility	$ —	$ (30,000)	$ (30,000)

(c) The following reflects the draw down on the 2014 Revolving Credit Facility to reflect the financing of the acquisitions.

	Foam Fabricators	Rimports	Total
Revolving credit facility	$ 247,500	$ 145,000	$ 392,500

(d) Represents the elimination of accumulated other comprehensive income of Foam Fabricators and Rimports.

	Foam Fabricators	Rimports	Total
Accumulated other comprehensive income (loss)	$ (1,617)	$ 372	$ (1,245)

(e) Represents the elimination of historical stockholders' equity of Foam Fabricators and Rimports. The elimination of historical additional-paid-in-capital and common stock held in treasury has been combined with accumulated deficit in the accompanying condensed combined pro forma balance sheet as of December 31, 2017 to conform with the presentation of the Company's stockholders' equity.

	Foam Fabricators	Rimports	Total
Common stock	$ (1)	$ —	
Additional paid in capital	(677)	—	
Retained earnings	(60,095)	(58,126)	
Treasury stock	20,500	—	
Total Stockholders' equity	$ (40,273)	$ (58,126)	$ (98,399)

Statement of Operations

The following adjustments correspond to those included in the unaudited condensed combined pro forma statements of operations for all periods presented:

(f) To record the adjustment to depreciation expense included in cost of sales related to the fair value preliminary purchase price allocation of the property, plant and equipment of Foam Fabricators.

	Foam Fabricators
Depreciation expense	$ 1,786

(g) To record the annual management fee payable to Compass Group Management (our Manager) calculated as 2% of the aggregate purchase price of Foam Fabricators and Rimports.

	Foam Fabricators	Rimports	Total
Capitalized Purchase Price	$ 247,500	$ 145,000	
	2%	2%	
Management fee	$ 4,950	$ 2,900	$ 7,850

(h) To record the adjustment to amortization expense for the revised intangible assets associated with the preliminary purchase price allocation of Foam Fabricators. See Note 3. for the detail of intangible assets.

	Foam Fabricators
Amortization expense	$ 8,233

(i) To record the reversal of historical interest expense and record the interest expense associated with the $247.5 million and $145 million, respectively, of revolver borrowings used to fund the acquisitions of Foam Fabricators and Rimports, offset by lower commitment fees (unused fees) on the revolving credit facility. The annual interest rate assumed was 4.40% for the revolving credit facility based on the average rate at December 31, 2017.

	Foam Fabricators	Rimports	Total
Historical interest expense	$ (55)	$ (449)	
Revolver borrowings	$ 247,500	$ 145,000	
	4.40%	4.40%	
	10,890	6,380	
Less: Commitment fee	247,500	145,000	
	0.60%	0.60%	
	1,485	870	
Revised interest expense	$ 9,405	$ 5,510	
Adjusted interest expense	$ 9,350	$ 5,061	$ 14,411

(j) Foam Fabricators was an S corporation under Section 1362 of the Internal Revenue Code, and accordingly, taxable income of Foam Fabricators flowed through to its stockholder. Foam Fabricators provided for certain federal, foreign and state income taxes as required by federal and state S corporation tax regulations. Accordingly, Foam Fabricators' tax provision for the year ending December 31, 2017 generally represented income taxes incurred by its Mexican subsidiaries. The Company, through a wholly owned subsidiary, purchased 100% of the outstanding stock of Foam Fabricators in February 2018 in a taxable transaction. The Company and the selling shareholder have agreed to make a joint Section 338(h)(10) election which will treat the acquisition as a deemed asset purchase for United States Federal income tax purposes. Treating the acquisition as an asset acquisition for United States federal income tax purposes allows for a step-up in the tax basis of Foam Fabricator's assets, therefore the Company expects to benefit from the increased depreciation and amortization deductions that will result from any step-up in basis. Any premium paid in excess of Foam Fabricator's tangible property may be allocated to intangible assets (including goodwill), which may be amortized on a straight-line basis over a fifteen year period for federal income tax purposes. The Company therefore does not expect to incur significant federal current income tax expense during the initial years of ownership, and has not added a pro forma adjustment to reflect the change in status from S-Corporation to C-Corporation that occurred at acquisition.

Rimports was organized as a limited liability company and elected to be taxed under the partnership provisions of the Internal Revenue Code through July 31, 2015. Effective August 1, 2015, Rimports elected to be taxed as an S Corporation. Under those provisions, Rimports does not pay federal corporate income tax on its earned income. Instead, the members/ shareholders are liable for individual federal income taxes on earned income. Therefore, no provision or liability for income taxes is included in the as reported financial statements for the twelve months ended November 30, 2017. The acquiring entity of Rimports is a C-corporation and a pro forma adjustment has been added to reflect expected income tax expense. The earnings before income taxes of Rimports for the twelve months ended November 30, 2017 was multiplied by the the effective tax rate of Sterno Products, LLC, which acquired Rimports on February 26, 2018, for the year ended December 31, 2017 of 24.4% to derive the income tax expense related to Rimports for the proforma consolidated income statement.

	Foam Fabricators	Rimports	Total
Income tax expense	$ —	$ 8,160	$ 8,160

Note 2. Combining Income Statement of Rimports

For purposes of the pro forma income statement, Rimports represents the twelve months ended November 30, 2017, which was prepared by combining the three months ended February 28, 2017 and the nine months ended November 30, 2017. The nine months ended November 30, 2017 are derived from the unaudited interim consolidated financial statements of Rimports as of and for the nine months ended November 30, 2017. The three months ended February 28, 2017 is derived from the books and records of Rimports. The following table the Rimports income statement for the twelve months ended November 30, 2017 (in thousands):

	Three months ended February 28, 2017	Nine months ended November 30, 2017	Twelve months ended November 30, 2017
Net sales	$ 29,228	$ 126,133	$ 155,361
Cost of goods sold	21,832	91,198	113,030
Gross profit	7,396	34,935	42,331
Operating expenses :			
S,G&A	1,967	6,557	8,524
Operating income	5,429	28,378	33,807
Other income (expense)	54	(10)	44
Interest expense	(132)	(317)	(449)
Income before income taxes	5,351	28,051	33,402
Income tax expense	—	—	—
Net income	$ 5,351	$ 28,051	$ 33,402

Note 3. Purchase Price Allocation

The following table summarizes the preliminary purchase price for the Foam Fabricators and Rimports acquisitions (in thousands):

Acquisition Consideration

	Foam Fabricators	Rimports	Total
Aggregate purchase price	$ 247,500	$ 145,000	
Working capital adjustment	1,967	(4,021)	
Other adjustments	(1,212)	(62)	
Cash acquired	3,646	9,500	
Total estimated purchase price	$ 251,901	$ 150,417	$ 402,318

The purchase price is preliminary and is subject to adjustment based upon the difference between the estimated net working capital to be transferred and the actual amount of working capital transferred on the date of closing. The initial purchase price has been allocated to the acquired assets and assumed liabilities based on estimated fair values. The purchase price allocation is preliminary pending a final determination of the fair values of the assets and liabilities. The table below provides the provisional recording of assets acquired and liabilities assumed as of the acquisition date. The amounts recorded for property, plant and equipment, intangible assets and goodwill are preliminary pending finalization of valuation efforts.

(in thousands)	Foam Fabricators	Rimports	Total
Assets:			
Cash	$ 6,282	$ 10,025	$ 16,307
Accounts receivable	19,058	21,431	40,489
Inventory	13,218	29,691	42,909
Property, plant and equipment	23,485	1,493	24,978
Intangible assets	121,992	—	121,992
Goodwill	70,889	120,732	191,621
Other current and noncurrent assets	2,945	1,079	4,024
Total assets	257,869	184,451	442,320
Liabilities:			
Current liabilities	5,968	19,034	25,002
Other liabilities	115,033	15,000	130,033
	121,001	34,034	155,035
Net assets acquired	136,868	150,417	287,285
Intercompany loans	115,033	—	115,033
	$ 251,901	$ 150,417	$ 402,318

The preliminary purchase allocation for Foam Fabricators presented above is based upon management's estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates and estimated discount rates. Current and noncurrent assets and current and other liabilities are estimated at their historical carrying values. Property, plant and equipment is valued through a preliminary purchase price appraisal and will be depreciated on a straight-line basis over the respective remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and non-contractual relationships, as well as expected future synergies. The preliminary purchase price allocation of Rimports presented above is presented with current and noncurrent assets and current and other liabilities at estimated historical carrying values since the preliminary purchase price allocation has not yet been completed for Rimports. The excess of the purchase price over the net assets acquired has been allocated to goodwill.

For Foam Fabricators, the identified intangible assets are definite lived intangibles and will be amortized over the estimated useful life assigned to the underlying intangible asset. The intangible assets preliminarily recorded in connection with the Foam Fabricators acquisition are as follows (in thousands):

Intangible assets	Amount	Estimated Useful Life
Customer Relationships	$ 117,177	15
Tradename	4,215	10
	$ 121,392	

The customer relationships intangible asset was valued at $117.2 million using an excess earnings methodology, in which an asset is valuable to the extent it enables its owners to earn a return in excess of the required returns on and of the other assets utilized in the business. Customer relationships intangible asset was derived using a risk-adjusted discount rate of 13.2%. The tradename intangible asset was valued using a royalty savings methodology, in which an asset is valuable to the extent that the ownership of the asset relieves the company from the obligation of paying royalties for the benefits generated by the asset.