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 15, 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 15, 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, FFI Compass, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“Acquisition Sub”), acquired all of the issued and outstanding capital stock of Foam Fabricators, Inc., a Delaware corporation (“Foam Fabricators”), pursuant to a Stock Purchase Agreement, dated January 18, 2018, by and between Acquisition Sub and Warren F. Florkiewicz. This Current Report on Form 8-K/A (the "Amended Report") updates the Current Report on Form 8-K filed by CODI on February 16, 2018 (the "Original Report") to include the audited financial statements financial statements of Foam Fabricators 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 Foam Fabricators for the fiscal year ended December 31, 2017 are attached hereto as Exhibit 99.1 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 99.2 and is incorporated by reference into this Item 9.01(b) and made a part hereof: (i) unaudited condensed combined 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 RSM US LLP

99.1 Audited consolidated financial statements of Foam Fabricators as of and for the year ended December 31, 2017

99.2 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: March 2, 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: March 2, 2018

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham
Chief Financial Officer

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITOR

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 February 28, 2018, relating to the consolidated financial statements of Foam Fabricators, Inc. and Subsidiaries, appearing in this Current Report on Form 8-K/A.

/s/ RSM US LLP

Phoenix, Arizona
March 2, 2018

Exhibit 99.1

Foam Fabricators, Inc. and Subsidiaries

Consolidated Financial Report
December 31, 2017

Foam Fabricators, Inc. and Subsidiaries

Contents

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Foam Fabricators, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Foam Fabricators, Inc. and Subsidiaries (the Company) which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of comprehensive income, changes in stockholder's equity and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
We conducted our audit 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 auditor's 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 the Company as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ RSM US LLP

Phoenix, Arizona
February 28, 2018

Foam Fabricators, Inc. and Subsidiaries

Consolidated Balance Sheet
December 31, 2017

		2017
Assets		
Cash	$	5,627,503
Accounts receivable, net		21,518,603
Inventories, net		11,863,115
Prepaid expenses and other current assets		2,326,544
Total current assets		41,335,765
Property and equipment, net		7,799,966
Other assets		467,555
Total assets	$	49,603,286
Liabilities and Stockholder's Equity		
Accounts Payable	$	2,592,343
Accrued expenses		5,121,330
Total current liabilities		7,713,673
Commitments and contingencies		
Stockholder's equity		
Common stock, no par value; 3,000 shares authorized; 300 shares issued, and 150 shares outstanding		300
Additional paid-in-capital		677,340
Retained earnings		60,094,664
Common stock held in treasury (150 shares, at cost)		(20,500,000)
Accumulated other comprehensive income		1,617,309
Total stockholder's equity		41,889,613
Total liabilities and stockholder's equity	$	49,603,286

See notes to consolidated financial statements.

Foam Fabricators, Inc. and Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended December 31, 2017

		2017
Net Sales	$	126,389,138
Cost of goods sold		86,715,027
Gross profit		39,674,111
Operating Costs:		
General and administrative		11,134,183
Selling and marketing		1,267,306
		12,401,489
Income from operations		27,272,622
Other expense:		
Interest expense		(54,761)
		(54,761)
Income before income taxes		27,217,861
Provision for income taxes		1,171,938
Net income		26,045,923
Foreign currency translation adjustments		59,750
Comprehensive income	$	26,105,673

See notes to consolidated financial statements.

Foam Fabricators, Inc. and Subsidiaries

Consolidated Statement of Changes in Stockholder's Equity
Year Ended December 31, 2017

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholder's Equity
Balance, December 31, 2016	$ 300	$ 677,340	$ 44,730,697	$ 1,557,559	$ (20,500,000)	$ 26,465,896
Distributions			(10,681,956)			(10,681,956)
Net income			26,045,923			26,045,923
Foreign currency translation adjustments				59,750		59,750
Balance, December 31, 2017	$ 300	$ 677,340	$ 60,094,664	$ 1,617,309	$ (20,500,000)	$ 41,889,613

See notes to consolidated financial statements.

Foam Fabricators, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended December 31, 2017

Cash flows from operating activities:		
Net income	$	26,045,923
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		1,665,167
(Gain) on sale of property and equipment		(12,544)
Effect of exchange rates on cash		59,750
Net changes in operating assets and liabilities		
Accounts receivable		(742,559)
Inventories		(1,499,897)
Prepaid expenses and other assets		(1,096,497)
Accounts payable		(3,061,998)
Accrued expenses		86,732
Net cash provided by operating activities		21,444,077
Cash flows from investing activities		
Purchases of property, plant and equipment		(2,244,454)
Proceeds from sale of property and equipment		18,731
Net cash used in investing activities		(2,225,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments on revolving credit facility		(3,808,356)
Distributions paid		(10,681,956)
Net cash provided by financing activities		(14,490,312)
Net increase in cash		4,728,042
Cash, beginning of year		899,461
Cash, end of year	$	5,627,503
Supplemental disclosures of cash flow information		
Cash paid for interest	$	60,594
Income taxes paid	$	2,071,845

See notes to consolidated financial statements.

Note 1. Nature of Business and Significant Accounting policies

Nature of business: Foam Fabricators, Inc. and Subsidiaries (the Company) produces both custom molded and fabricated foam plastic products. The principal users of the Company's protective packaging and insulation products are appliance, computer, insulated shipping containers and automotive manufacturers. Substantially all product shipments are to customers located in the United States, Canada, and Mexico. The Company currently has 12 production and warehouse facilities located throughout the United States. The Company also has two production and warehouse facilities in Mexico.

A summary of the Company's significant accounting policies follows:

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. A summary of significant accounting policies is as follows:

Consolidation: The accompanying consolidated financial statements include the accounts of Foam Fabricators, Inc. and its wholly owned subsidiaries, Foam Fab, Inc., Foam Fabricators Mexico S. de R.L. de C.V., Foam Fabricators Services S. de R.L. de C.V., and Foam Fabricators Queretaro, S. de R.L. de C.V. All intercompany transactions and balances have been eliminated upon consolidation.

Accounts receivable: Accounts receivable arise in the normal course of business and are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected. Accounts receivable are written-off when deemed uncollectible. Recoveries of accounts receivable previously written-off are recorded when received.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value. Finished goods include materials, labor and allocated overhead. Management assesses slow-moving and obsolete inventory on a regular basis and determines if any reserve is necessary based on historical sales, future purchase commitments and management's experience. Slow-moving and obsolete inventory reserves are established generally upon a detail review of the products' specific nature and the Company's ability to sell.

Property and equipment: Property and equipment are recorded at cost less accumulated depreciation. Major additions or improvements that extend the useful life of the asset are capitalized. Maintenance and repairs are expensed as incurred. When property and equipment are retired, or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts. Gains and losses from the disposition of assets are recorded in the period of disposition.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated on a straight-line basis over the lesser of the terms of the lease or the estimated lives of the improvements. The Company does not depreciate assets included in construction in progress until they are placed in operations.

Long-lived assets: Long-lived assets to be held and used are tested for recoverability based on the net future cash flows expected to be generated from the asset on an undiscounted basis whenever significant events or changes in circumstances occur that indicate that the carrying amount of an asset may not be recoverable. No impairment loss was recognized for the year ended December 31, 2017.

Goodwill: Goodwill of $353,515 represents the excess of costs over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment using a two-step process, which is performed annually as well as when an event triggering impairment may have occurred. Management has elected to perform its annual impairment testing on December 31st of each year. An impairment would be recognized to the extent that the carrying amount exceeds the asset's fair value. Management determined there was no impairment of goodwill as of December 31, 2017. Goodwill is recorded in other assets on the consolidated balance sheet.

Revenue recognition: The Company primarily recognizes revenue upon delivery of its products, at the time title and ownership transfers to the customer, the sales price is fixed, collection is reasonably assured, and there are no significant obligations remaining. Shipping and handling charges to customers are included in net sales. Shipping and handling costs incurred by the Company are included in cost of goods sold.

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Foreign currency transactions: Management has determined that the functional currency of its Mexican subsidiaries is the Mexican Peso. The financial statements of the Mexican subsidiaries were translated into U.S. dollars in accordance with Accounting Standards Codification (ASC) 830 Foreign Currency Matters. Adjustments resulting from translating foreign functional currency assets and liabilities into U.S. dollars, based on current exchange rates, are recorded in a separate component of stockholder's equity called "Accumulated other comprehensive income" and are included in determining comprehensive income.

Net gains or losses from foreign currency transactions, such as those resulting from the settlement of foreign currency denominated receivables or payables, are included in the consolidated statement of comprehensive income.

Income taxes: The Company has elected to be taxed as an S corporation under Section 1362 of the Internal Revenue Code and accordingly, taxable income of the Company flows through to its stockholder. The Company provides for certain federal, foreign and state income taxes as required by federal and state S corporation tax regulations. Accordingly, the Company's tax provision generally represents income taxes incurred by its Mexican subsidiaries.

Management evaluated the Company's tax position and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. With few exceptions, the Company is no longer subject to income tax examinations by the United States federal, state, or local tax authorities for years before 2013.

Subsequent events: The Company evaluated subsequent events through February 28, 2018, the date on which the consolidated financial statements were available to be issued. See Note 9 for the sale of the business, subsequent to year end.

Recent accounting pronouncements:

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019. The Company has not evaluated the impact the adoption of the new standard will have on its financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330)*: *Simplifying the Measurement of Inventory*. The amendments in the ASU require entities that measure inventory using the first-in, first-out or average cost methods to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. ASU 2015-11 is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016 on a prospective basis. The Company adopted this amendment for 2017. The adoption of the amendment had no impact on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Company has not evaluated the impact the adoption of the new standard will have on its financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 will be effective for the Company on January 1, 2019. ASU 2016-15 requires a retrospective transition method. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Company has not evaluated the impact the adoption of this guidance will have on its statement of cash flows.

Note 2. Concentration of Credit Risk

Cash balances are maintained at several domestic and foreign banks. Domestic cash accounts, at times, may exceed federally insured limits. The Company has not experienced any losses on these accounts. The Company believes it is not exposed to any significant credit risk on cash.

The Company had sales from two customers during 2017 which comprised 17 percent and 12 percent of total sales in 2017. Accounts receivable from these customers were 8 percent and 17 percent of total accounts receivable at December 31, 2017. The Company closely monitors extensions of credit and did not experience any significant credit losses during the year ended December 31, 2017.

Note 3. Accounts Receivable

Accounts receivable and the related allowance at December 31:

		2017
Accounts receivables	$	21,579,908
Less allowance for doubtful accounts		(61,305)
Accounts receivable - net	$	21,518,603

Note 4. Inventories

Inventories consist of the following at December 31:

		2017
Raw materials	$	7,543,528
Finished goods		4,382,353
Less inventory reserve		(62,766)
Inventories	$	11,863,115

Note 5. Property and Equipment

Property and equipment, net at December 31, consisted of the following:

	Years	2017
Buildings and improvements	5-20	$ 6,671,634
Machinery and equipment	3-15	47,566,785
		54,238,419
Less accumulated depreciation		(49,029,464)
		5,208,955
Land		252,450
Construction in progress		2,338,561
Property and equipment - net		$ 7,799,966

Construction in progress is comprised of machinery and equipment that is being refurbished and will ultimately be returned to production.

Note 6. Pledged Assets and Long-Term Debt

The Company has a revolving credit facility with a bank. As per the agreement, the borrowing capacity is annually reduced.

During October 2016, the revolving credit facility was amended to extend the maturity date to June 30, 2019 and to reduce the borrowing capacity to $12,000,000. There was $0 outstanding under the revolving credit facility at December 31, 2017.

A commitment fee is charged on the unused balance of the revolving credit facility. Interest is computed on the outstanding principal balance of the revolving credit facility. The Company can elect whether the interest rate is based upon the bank floating rate plus the applicable margin or the one month LIBOR rate plus the applicable margin each time a new LIBOR period begins.

Applicable interest rate margins based on the Company's leverage ratio as defined in the agreement, as computed, are:

	LIBOR	Bank Floating Rate
Greater than or equal to 2.25 to 1.00	2.25%	(0.75)%
Greater than or equal to 1.75 to 1.00 but less than 2.25 to 1.0	2.00%	(1.00)%
Less than 1.75	1.50%	(1.50)%

Interest on outstanding borrowings is payable quarterly. Total interest expense for 2017 was approximately $55,000.

The Credit Agreement (the Agreement) governing the revolving credit facility provides that substantially all assets of the Company are pledged as collateral against the outstanding borrowings. The Agreement contains various non-financial and financial covenants as defined in the Agreement. The Credit Agreement was terminated in February 2018 in conjunction with the transaction discussed in Note 9. See further discussion in Note 9.

Note 7. Commitments and Contingencies

Leases: The Company leases certain equipment and facilities under noncancelable operating leases for periods expiring through July 2024. Monthly payments for these leases range from approximately $2,000 to approximately $52,000. These leases generally contain optional renewal provisions for one or more periods. Most leases also require that the Company pay related taxes, insurance and maintenance costs.

Approximate future minimum lease payments are as follows:

Years ending December 31:		
2018	$	3,310,000
2019		2,950,000
2020		2,630,000
2021		2,050,000
2022		1,030,000
Thereafter		190,000
	$	12,160,000

Rent expense for all leases, including those which the Company is able to cancel with notice, was approximately $3,624,000 for the year ended December 31, 2017.

Legal: From time to time, the Company may be involved in various legal matters in the ordinary course of business. Management does not believe any such matter will result in a material adverse effect on its consolidated financial position or results of operations.

Note 8. Profit Sharing Plan

Foam Fabricators, Inc. has a Profit Sharing and 401(k) Plan (the Plan) covering substantially all full-time employees. The Company's Board of Directors determines annual contributions, if any, to the profit sharing portion of the Plan. The 401(k) portion of the Plan is funded entirely by employee contributions. The Company contributed $150,000 to the profit sharing portion of the Plan for 2017 which is included in accrued expenses at December 31, 2017.

Note 9. Subsequent Event

The Company's stockholder entered into a Stock Purchase Agreement ("Agreement") on January 18, 2018, with FFI Compass Inc. Pursuant to which FFI Compass Inc. acquired all of the issued and outstanding capital stock of the Company for a purchase price of $247,500,000 in cash, subject to working capital adjustments. On February 15, 2018, FFI Compass Inc. completed the acquisition of the Company.

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

The following pro forma condensed combined financial statements give effect to the acquisition of Foam Fabricators, Inc. ("Foam Fabricators") with a total purchase price of approximately $247.5 million, as further described on the Form 8-K that we filed on February 16, 2018.

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

The "as reported" financial information of Foam Fabricators is derived from the historical financial statements of Foam Fabricators for comparable periods which are included elsewhere in this 8-K. The "as reported" financial information for Compass Diversified Holdings (the "Company") is derived from the audited financial statements of the Company as of December 31, 2017 and for the year ended December 31, 2017 as filed on Form 10-K dated February 28, 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 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 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 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 Foam Fabricators included in this Form 8-K and the consolidated financial statements for the Company, 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	Pro Forma Adjustments		Pro Forma Combined Compass Diversified Holdings
Assets					
Current assets:					
Cash and cash equivalents	$ 39,885	$ 5,628	$ —		$ 45,513
Accounts receivable, net	215,108	21,519	—		236,627
Inventories	246,928	11,863	—		258,791
Prepaid expenses and other current assets	24,897	2,326	—		27,223
Total current assets	526,818	41,336	—		568,154
Property, plant and equipment, net	173,081	7,800	—		180,881
Goodwill	531,689	—	205,610	**(a)**	737,299
Intangible assets, net	580,517	—	—		580,517
Other non-current assets	8,198	467	—		8,665
Total assets	$ 1,820,303	$ 49,603	$ 205,610		$ 2,075,516
Liabilities and stockholders' equity					
Current liabilities:					
Accounts payable	$ 84,538	$ 2,592	$ —		$ 87,130
Accrued expenses	106,873	5,121	—		111,994
Due to related party	7,796	—	—		7,796
Current portion, long-term debt	5,685	—	—		5,685
Other current liabilities	7,301	—			7,301
Total current liabilities	212,193	7,713	—		219,906
Deferred income taxes	81,049	—	—		81,049
Long-term debt	584,347	—	247,500	**(b)**	831,847
Other non-current liabilities	16,715	—	—		16,715
Total liabilities	894,304	7,713	247,500		1,149,517
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	(1,617)	**(c)**	(2,573)
Accumulated deficit	(145,316)	40,273	(40,273)	**(d)**	(145,316)
Total stockholders' equity attributable to Holdings	873,208	41,890	(41,890)		873,208
Noncontrolling interest	52,791	—	—		52,791
Total stockholders' equity	925,999	41,890	(41,890)		925,999
Total liabilities and stockholders' equity	$ 1,820,303	$ 49,603	$ 205,610		$ 2,075,516

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	Pro Forma Adjustments		Pro Forma Combined Compass Diversified Holdings
Net sales	$ 1,269,729	$ 126,389	$ —		$ 1,396,118
Cost of sales	822,020	86,715	—		908,735
Gross Profit	447,709	39,674	—		487,383
Operating expenses:					0
Selling, general and administrative expense	318,484	12,401	—		330,885
Management fees	32,693	—	4,950	**(e)**	37,643
Amortization expense	52,003	—	—		52,003
Impairment expense	17,325	—	—		17,325
Operating income	27,204	27,273	(4,950)		49,527
Other income (expense)					
Interest expense, net	(27,623)	(55)	(9,350)	**(f)**	(37,028)
Amortization of debt issuance cost	(4,002)	—	—		(4,002)
Gain on equity method investment	(5,620)	—	—		(5,620)
Other income (expense), net	2,634	—	—		2,634
Income before income taxes	(7,407)	27,218	(14,300)		5,511
Provision for income taxes	(40,679)	1,172	—	**(g)**	(39,507)
Net income	33,272	26,046	(14,300)		45,018
Net income attributable to noncontrolling interest	5,621	—	—		5,621
					0
Net income (loss) attributable to Holdings	$ 27,651	$ 26,046	$ (14,300)		$ 39,397
Basic and fully diluted loss per share attributable to Holdings	$ (0.45)				$ (0.25)
Weighted average number of shares	59,900				59,900

Compass Diversified Holdings
Notes to Pro Forma Condensed Combined Financial Statements
(Unaudited)

Pro forma information is intended to reflect the impact of the acquisition of Foam Fabricators 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.

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 to goodwill.

	Foam Fabricators
Goodwill	205,610

(b) The following reflects the drawdown on the 2014 Revolving Credit Facility to reflect the financing of the acquisition.

	Foam Fabricators	
Revolving credit facility	$	247,500

(c) Represents the elimination of accumulated other comprehensive income of Foam Fabricators.

	Foam Fabricators	
Accumulated other comprehensive income	$	(1,617)

(d) Represents the elimination of historical stockholders' equity of Foam Fabricators. 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	
Common stock	$	(1)
Additional-paid-in-capital		(677)
Retained earnings		(60,095)
Common stock held in treasury		20,500
Total Stockholders' equity	$	(40,273)

Statement of Operations

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

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

	Foam Fabricators
Capitalized Purchase Price	247,500
	2%
Management fee	4,950

(f) To record the reversal of historical interest expense and record the interest expense associated with the $247.5 million of revolver borrowings used to fund the acquisition, 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
Historical interest expense	$	(55)
Revolver borrowings		247,500
		4.40%
		10,890
Less: Commitment fee		247,500
		0.60%
		1,485
Revised interest expense	$	9,405
Adjusted interest expense	$	9,350

(g) 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.