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Platform Specialty Products Corp
Form 10-Q
August 09, 2016

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-36272

(Exact name of Registrant as specified in its charter)

Delaware 37-1744899
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1450 Centrepark Boulevard, Suite 210 33401
West Palm Beach, Florida
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (561) 207-9600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes
No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer Non-Accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Class	August 5, 2016
Common Stock, par value \$0.01 per share	229,597,246 shares

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Glossary of Defined Terms

Terms	Definitions
Platform; We; Us; Our; the Company	Platform Specialty Products Corporation, a Delaware corporation, and its subsidiaries, collectively.
Acquisitions	Agriphar Acquisition, Alent Acquisition, Arysta Acquisition, CAS Acquisition, MacDermid Acquisition, OMG Acquisition and OMG Malaysia Acquisition, collectively.
Agriphar	Percival and its agrochemical business, Agriphar.
Agriphar Acquisition	Acquisition of a 100% interest in Agriphar, completed on October 1, 2014.
AIs	Active ingredients.
Alent	Alent plc, a formerly public limited company registered in England and Wales.
Alent Acquisition	Acquisition of a 100% interest in Alent, completed on December 1, 2015 under the U.K. Companies Act 2006, as amended.
Amended and Restated Credit Agreement	Platform's credit agreement dated April 12, 2007, as amended and/or restated on June 7, 2013, October 31, 2013 (Amendment No. 1), August 6, 2014 (Second Amended and Restated Credit Agreement and the further amendments pursuant to Amendment No. 2), October 1, 2014 (Incremental Amendment No. 1), February 13, 2015 (Amendment No. 3) and December 3, 2015 (Amendment No.4).
Annual Report	Platform's annual report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on March 11, 2016.
Arysta	Arysta LifeScience Limited, a formerly Irish private limited company.
Arysta Acquisition	Acquisition of a 100% interest in Arysta, completed on February 13, 2015.
Arysta Seller	Nalozo, L.P., an affiliate of the Original Arysta Seller who became the seller in the Arysta Acquisition pursuant to an amendment to the share purchase agreement dated February 11, 2015.
ASU	Accounting Standards Update.
Asset-Lite, High-Touch	Platform's philosophy and business model focused on dedicating extensive resources to research and development and highly technical customer service teams, while limiting investments in fixed assets and capital expenditures.
Board	Platform's board of directors.
CAS	The Chemtura AgroSolutions business of Chemtura.
CAS Acquisition	Acquisition of a 100% interest in CAS, completed on November 3, 2014.
Chemtura	Chemtura Corporation, a Delaware corporation.
Credit Facilities	The First Lien Credit Facility and the Revolving Credit Facility, collectively, available under the Amended and Restated Credit Agreement.
Domestic Pension Plan	MacDermid, Incorporated Employees' Pension Plan (as amended and restated, effective January 1, 2009), a non-contributory domestic defined benefit pension plan.
Domestication	Platform's change of jurisdiction of incorporation from the British Virgin Islands to Delaware on January 22, 2014.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
ESPP	Platform Specialty Products Corporation 2014 Employee Stock Purchase Plan, adopted by the Board on March 6, 2014 and approved by Platform's stockholders at the annual meeting held on June 12, 2014.
E.U.	European Union.
EURO Tranche C Term Loans	Tranche C term loans, denominated in Euros, borrowed by Platform in connection with the Alent, Arysta and CAS Acquisitions.
Exchange Act	Securities Exchange Act of 1934, as amended.
Exchange Agreement	Exchange Agreement, dated October 25, 2013, between Platform and the fiduciaries of the MacDermid, Incorporated Profit Sharing and Employee Savings Plan.
FASB	Financial Accounting Standard Board.

FCPA

Foreign Corrupt Practices Act of 1977.

February 2015
Notes Offering

Private offering of \$1.10 billion aggregate principal amount of 6.50% USD Notes due 2022 and €350 million aggregate principal amount of 6.00% EUR Notes due 2023, completed on February 2, 2015.

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Terms	Definitions
First Lien Credit Facility	First lien credit facility available under the Amended and Restated Credit Agreement.
Founder Entities	Mariposa Acquisition, LLC and Berggruen Holdings Ltd. and its affiliates, collectively.
GBP	Platform's Global BioSolutions Portfolio within its Agricultural Solutions segment, which includes biostimulants, innovative nutrition and biocontrol products.
GVAP	Platform's Global Value Added Portfolio within its Agricultural Solutions segment, which includes products in the herbicides, insecticides, fungicides and seed treatment categories, based on patented or proprietary off-patent AIs.
June 2015 Equity Offering	Underwritten public offering of 18,226,414 shares of its common stock at a public offering price of \$26.50 per share, which closed on June 29, 2015, raising gross proceeds of approximately \$483 million.
LTCB	Platform's Long Term Cash Bonus plan, established in March 2015.
MacDermid	MacDermid, Incorporated, a Connecticut corporation.
MacDermid Acquisition	Platform's acquisition on October 31, 2013 of substantially all of the equity of MacDermid Holdings, which, at the time, owned approximately 97% of MacDermid. As a result, Platform became a holding company for the MacDermid business. Platform acquired the remaining 3% of MacDermid on March 4, 2014, pursuant to the terms of the Exchange Agreement.
MacDermid Europe	MacDermid European Holdings, B.V., a company organized under the laws of the Netherlands and a subsidiary of Platform.
MacDermid Funding	MacDermid Funding LLC, a limited liability company organized under the laws of Delaware and a subsidiary of Platform.
MacDermid Holdings	MacDermid Holdings, LLC which, at the time of the MacDermid Acquisition, owned approximately 97% of MacDermid, a subsidiary of MacDermid Holdings.
MAS Holdings	MacDermid Agricultural Solutions Holdings B.V., a company organized under the laws of the Netherlands and a subsidiary of Platform.
NAV	Net asset value.
NAIP	Netherlands Agricultural Investment Partners LLC, a company organized under the laws of Delaware and a subsidiary of Platform.
NYSE	New York Stock Exchange.
November 2015 Notes Offering	Private offering of \$500 million aggregate principal amount of 10.375% senior notes due 2021, completed on November 10, 2015.
OMG	OM Group, Inc., a Delaware corporation.
OMG Businesses	OMG's Electronic Chemicals and Photomasks businesses, collectively, other than OMG Malaysia.
OMG Malaysia	OMG Electronic Chemicals (M) Sdn Bhd, a subsidiary of OMG located in Malaysia, acquired separately by Platform in the OMG Malaysia Acquisition.
OMG Acquisition	Platform's acquisition of 100% interest in the OMG Businesses completed on October 28, 2015.
OMG Malaysia Acquisition	Platform's acquisition of 100% interest in OMG Malaysia completed on January 31, 2016.
Original Arysta Seller	Nalozo S.à.r.l., a Luxembourg limited liability company and the original seller in the Arysta Acquisition.
PDH	Platform Delaware Holdings, Inc., a subsidiary of Platform.
PDH Common Stock	Shares of common stock of PDH.
Percival	Percival S.A., a société anonyme incorporated and organized under the laws of Belgium, acquired by Platform on October 1, 2014.

This quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2016.

Quarterly
Report

Retaining Holder Each Holder of an equity interest of MacDermid Holdings immediately prior to the closing of the MacDermid Acquisition, not owned by Platform, who executed a RHSA.

Revolving Credit Facility Revolving Credit Facility (in U.S. Dollars or multicurrency) available under the Amended and Restated Credit Agreement.

RHSA Retaining Holder Securityholders' Agreement dated as of October 31, 2013 entered into by and between Platform and each Retaining Holder pursuant to which they agreed to exchange their respective interests in MacDermid Holdings for shares of PDH Common Stock, at an exchange rate of \$11.00 per share plus (i) a proportionate share of the \$100 million contingent consideration and (ii) an interest in certain MacDermid pending litigation.

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Terms	Definitions
RSUs	Restricted stock units issued by Platform from time to time under the 2013 Plan.
SEC	Securities and Exchange Commission.
Security Agreement	Amended and Restated Pledge and Security Agreement, amended and restated as of October 31, 2013, as amended, supplemented and modified from time to time, entered into by Platform, MacDermid and the guarantors listed therein.
Second Amended and Restated Credit Agreement	Second Amended and Restated Credit Agreement, dated as of August 6, 2014, among, inter alia, Platform, MacDermid Holdings, MacDermid, the subsidiaries of Platform and MacDermid Holdings from time to time parties thereto, the lenders from time to time parties thereto and Barclays Bank PLC, as administrative agent and collateral agent.
Senior Notes	Our 6.00% EUR Notes due 2023, 6.50% USD Notes due 2022 and 10.375% USD Notes due 2021, collectively.
Series A Preferred Stock	2,000,000 shares of Platform's Series A convertible preferred stock which were automatically converted from ordinary shares held by the Founder Entities upon the Domestication, and which are convertible into shares of Platform's common stock, on a one-for-one basis, at any time at the option of the Founder Entities.
Series B Convertible Preferred Stock	600,000 shares of Platform's Series B convertible preferred stock issued to the Arysta Seller in connection with the Arysta Acquisition on February 13, 2015, which are convertible into a maximum of 22,107,590 shares of Platform's common stock at the option of the Arysta Seller.
SERP	Supplemental Executive Retirement Plan for executive officers of Platform.
U.S. Dollar Tranche B Term Loans	Tranche B term loans, denominated in U.S. Dollars, borrowed by Platform in connection with the Alent, Arysta and CAS Acquisitions.
U.S. GAAP	Generally accepted accounting principles in the United States.
2013 Plan	Platform Specialty Products Corporation Amended and Restated 2013 Incentive Compensation Plan adopted by the Board on October 31, 2013, as amended on December 16, 2013 and approved by Platform's stockholders at the annual meeting held on June 12, 2014.
2016 Annual Meeting	Platform's annual meeting of stockholders held on June 2, 2016.
2016 Q1 Form 10-Q	Platform's quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2016, as filed with the SEC on May 10, 2016.
401K Plan	MacDermid, Incorporated Profit Sharing and Employee Savings Plan.
6.00% EUR Notes due 2023	Platform's 6.00% senior notes due 2023 denominated in Euros issued in the February 2015 Notes Offering.
6.50% USD Notes due 2022	Platform's 6.50% senior notes due 2022 denominated in U.S. Dollars issued in the February 2015 Notes Offering.
10.375% USD Notes due 2021	Platform's 10.375% senior notes due 2021 denominated in U.S. Dollars issued in the November 2015 Notes Offering.

Part I. Financial Information

Item 1. Financial Statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except loss per share)

	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2016	2015	2016	2015
Net sales	\$921.6	\$675.1	\$1,745.4	\$1,209.9
Cost of sales	541.0	406.5	1,008.8	734.2
Gross profit	380.6	268.6	736.6	475.7
Operating expenses:				
Selling, technical, general and administrative	265.2	206.2	549.2	398.2
Research and development	20.5	18.4	40.4	31.3
Total operating expenses	285.7	224.6	589.6	429.5
Operating profit	94.9	44.0	147.0	46.2
Other (expense) income:				
Interest expense, net	(97.4)	(51.1)	(191.2)	(90.5)
Loss on derivative contracts	(5.4)	(1.4)	(10.7)	(1.4)
Foreign exchange gain (loss)	25.0	(15.1)	(46.2)	18.8
Other income, net	1.7	14.3	4.0	16.0
Total other expense	(76.1)	(53.3)	(244.1)	(57.1)
Income (loss) before income taxes and non-controlling interests	18.8	(9.3)	(97.1)	(10.9)
Income tax (expense) benefit	(26.9)	0.2	(45.3)	(24.5)
Net loss	(8.1)	(9.1)	(142.4)	(35.4)
Net income attributable to the non-controlling interests	(0.7)	(3.1)	(1.2)	(3.5)
Net loss attributable to common stockholders	\$(8.8)	\$(12.2)	\$(143.6)	\$(38.9)
Loss per share				
Basic	\$(0.04)	\$(0.06)	\$(0.63)	\$(0.20)
Diluted	\$(0.04)	\$(0.06)	\$(0.63)	\$(0.20)
Weighted average shares outstanding				
Basic	229.6	192.8	229.5	192.3
Diluted	229.6	192.8	229.5	192.3

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net loss	\$(8.1)	\$(9.1)	\$(142.4)	\$(35.4)
Other comprehensive income (loss), before tax				
Foreign currency translation adjustments:	131.0	88.7	452.5	(263.8)
Pension and post-retirement plans:				
Tax expense	—	—	—	(0.5)
Pension and post-retirement plan, net of tax	—	—	—	(0.5)
Unrealized (loss) gain on available for sale securities:				
Unrealized holding (loss) gain on available for sale securities	(1.8)	0.3	(2.3)	0.2
Unrealized (loss) gain on available for sale securities	(1.8)	0.3	(2.3)	0.2
Tax benefit	0.6	—	0.7	—
Unrealized (loss) gain on available for sale securities, net of tax	(1.2)	0.3	(1.6)	0.2
Derivative financial instruments revaluation:				
Unrealized hedging loss arising during the period, net	(5.8)	—	(16.8)	—
Derivative financial instruments revaluation	(5.8)	—	(16.8)	—
Tax benefit	—	—	—	—
Derivative financial instruments revaluation, net of tax	(5.8)	—	(16.8)	—
Total other comprehensive income (loss), net of tax	124.0	89.0	434.1	(264.1)
Other comprehensive (income) loss attributable to the non-controlling interests	(10.0)	(1.6)	(21.7)	7.1
Other comprehensive income (loss) attributable to common stockholders	114.0	87.4	412.4	(257.0)
Comprehensive income (loss)	105.9	78.3	270.0	(292.4)
Comprehensive income attributable to the non-controlling interests	(0.7)	(3.1)	(1.2)	(3.5)
Comprehensive income (loss) attributable to common stockholders	\$105.2	\$75.2	\$268.8	\$(295.9)

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions, except share and per share amounts)

	June 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$341.7	\$432.2
Restricted cash	0.9	0.3
Accounts receivable, net of allowance for doubtful accounts of \$24.2 and \$14.4 at June 30, 2016 and December 31, 2015, respectively	1,181.7	1,023.0
Inventories	572.7	517.5
Note receivable	—	125.0
Prepaid expenses and other current assets	171.3	172.5
Total current assets	2,268.3	2,270.5
Property, plant and equipment, net	480.3	491.6
Goodwill	4,370.0	4,021.9
Intangible assets, net	3,454.1	3,314.3
Other assets	99.3	91.9
Total assets	\$10,672.0	\$10,190.2
Liabilities & Stockholders' Equity		
Accounts payable	\$393.9	\$450.3
Current installments of long-term debt and revolving credit facilities	161.5	54.7
Accrued salaries, wages and employee benefits	64.0	78.1
Accrued income taxes payable	76.0	65.1
Accrued expenses and other current liabilities	440.6	414.2
Total current liabilities	1,136.0	1,062.4
Long-term debt and capital lease obligations	5,187.2	5,173.6
Long-term retirement benefits, less current portion	75.6	80.5
Long-term deferred income taxes	733.7	678.8
Long-term contingent consideration	74.8	70.7
Other long-term liabilities	250.9	205.0
Total liabilities	7,458.2	7,271.0
Commitments and contingencies (Note 15)		
Redeemable preferred stock - Series B	645.9	645.9
Stockholders' Equity		
Preferred stock - Series A	—	—
Common stock 400,000,000 shares authorized, 229,597,246 and 229,464,157 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	2.3	2.3
Additional paid-in capital	3,524.2	3,520.4
Accumulated deficit	(676.3)	(532.7)
Accumulated other comprehensive loss	(473.7)	(886.1)
Total stockholders' equity	2,376.5	2,103.9
Non-controlling interests	191.4	169.4
Total equity	2,567.9	2,273.3
Total liabilities, redeemable preferred shares and stockholders' equity	\$10,672.0	\$10,190.2

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In millions)

	Six Months Ended	
	June 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$(142.4)	\$(35.4)
Reconciliation of net loss from operations to net cash flows (used in) provided by operating activities:		
Depreciation and amortization	168.0	114.2
Deferred income taxes	(24.1)	18.2
Non-cash fair value adjustment to contingent consideration	4.1	3.6
Manufacturer's profit in inventory adjustment	11.7	56.7
Equity compensation expense	2.9	2.6
Foreign exchange loss (gain)	33.4	(20.4)
Non-cash restructuring charges	4.1	4.7
Impairment loss	2.8	—
Amortization of deferred financing costs	6.7	4.5
Provision for bad debts	3.1	4.1
Other, net	4.9	(2.7)
Changes in assets & liabilities, net of acquisitions:		
Accounts receivable	(91.0)	(101.8)
Inventories	(41.3)	(41.3)
Accounts payable and accrued expenses	(68.0)	79.9
Other changes in assets and liabilities, net	11.8	13.4
Net cash flows (used in) provided by operating activities	(113.3)	100.3
Cash flows from investing activities:		
Change in restricted cash	(0.6)	600.0
Capital expenditures	(22.6)	(29.3)
Investment in registrations of products	(15.4)	(14.6)
Proceeds from disposal of property, plant and equipment	12.1	—
Derivative payments	(4.5)	—
Acquisition of businesses, net of acquired cash	1.3	(2,856.7)
Other, net	(0.5)	0.1
Net cash flows used in investing activities	\$(30.2)	\$(2,300.5)

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In millions)

	Six Months Ended	
	June 30,	
	2016	2015
Cash flows from financing activities:		
Debt (payments) proceeds, net of discount and premium	\$(0.9)	\$2,082.7
Change in revolving credit facilities, net	104.1	7.1
Repayments of borrowings	(17.4)	(10.3)
Proceeds from issuance of common stock, net	0.4	469.4
Payment of debt financing fees	(0.7)	(45.5)
Change in factored liabilities	(36.9)	(18.9)
Other, net	(1.1)	(0.6)
Net cash flows provided by financing activities	47.5	2,483.9
Effect of exchange rate changes on cash and cash equivalents	5.5	(8.8)
Net (decrease) increase in cash and cash equivalents	(90.5)	274.9
Cash and cash equivalents at beginning of period	432.2	397.3
Cash and cash equivalents at end of period	\$341.7	\$672.2
Non-cash Investing Activities		
Settlement of Note Receivable in exchange for OMG Malaysia	\$125.0	\$—
Acquisition of OMG Malaysia through the settlement of Note Receivable	\$(125.0)	\$—

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

(In millions, except share and per share amounts)

	Preferred Stock	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Non- controlling Interest	Total Equity	
	Shares	Amount	Shares							Amount
Balance at December 31, 2015	2,000,000	\$ —	229,464,157	\$ 2.3	\$ 3,520.4	\$ (532.7)	\$ (886.1)	\$ 2,103.9	\$ 169.4	\$ 2,273.3
Net (loss) income	—	—	—	—	(134.8)	—	(134.8)	0.4	(134.4)	
Other comprehensive income, net of taxes	—	—	—	—	—	298.4	298.4	11.7	310.1	
Issuance of common stock to former non-founder director for exercise of stock options	—	—	7,642	—	—	—	—	—	—	
Conversion of PDH Common Stock into common stock	—	—	16,499	—	0.2	—	0.2	(0.2)	—	
Issuance of common stock under ESPP	—	—	35,399	—	0.2	—	0.2	—	0.2	
Equity compensation expense	—	—	—	—	0.9	—	0.9	—	0.9	
Balance at March 31, 2016	2,000,000	—	229,523,697	2.3	3,521.7	(667.5)	(587.7)	2,268.8	181.3	2,450.1
Net (loss) income	—	—	—	—	(8.8)	—	(8.8)	0.7	(8.1)	
Other comprehensive income, net of taxes	—	—	—	—	—	114.0	114.0	10.0	124.0	
Conversion of PDH Common Stock into common stock	—	—	37,445	—	0.4	—	0.4	(0.4)	—	
Issuance of common stock under ESPP	—	—	36,104	—	0.2	—	0.2	—	0.2	

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Equity compensation expense	—	—	—	1.9	—	—	1.9	—	1.9
Distribution to non-controlling interest	—	—	—	—	—	—	—	(0.2)	(0.2)
Balance at June 30, 2016	2,000,000	\$ -229,597,246	\$ 2.3	\$ 3,524.2	\$ (676.3)	\$ (473.7)	\$ 2,376.5	\$ 191.4	\$ 2,567.9

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (continued)
(Unaudited)

(In millions, except share and per share amounts)

	Preferred Stock	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non- controlling Interest	Total Equity	
	Shares	Amount	Shares							Amount
Balance at December 31, 2014	2,000,000	\$ —	182,066,980	\$ 1.9	\$ 2,812.4	\$(224.1)	\$(130.6)	\$ 2,459.6	\$ 93.0	\$ 2,552.6
Net (loss) income	—	—	—	—	(26.7)	—	(26.7)	0.4	(26.3)	
Other comprehensive loss, net of taxes (as restated)	—	—	—	—	—	(344.4)	(344.4)	(8.7)	(353.1)	
Issuance of common stock to Founder Entities as stock dividend on Series A	—	—	10,050,290	—	—	—	—	—	—	—
Preferred Stock declared on 12/31/14										
Issuance of common stock to former non-founder director for exercise of stock options	—	—	75,000	—	0.9	—	—	0.9	—	0.9
Conversion of PDH Common Stock into common stock	—	—	21,316	—	0.2	—	—	0.2	(0.2)	—
Issuance of common stock under ESPP	—	—	7,986	—	0.1	—	—	0.1	—	0.1
Equity compensation expense	—	—	—	—	0.7	—	—	0.7	—	0.7
Acquisition of non-controlling interest with Arysta Acquisition	—	—	—	—	—	—	—	—	24.6	24.6
Balance at March 31, 2015 (as revised)	2,000,000	—	192,221,572	1.9	2,814.3	(250.8)	(475.0)	2,090.4	109.1	2,199.5

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Net (loss) income—	—	—	—	—	(12.2)	—	(12.2)	3.1	(9.1)
Other comprehensive income, net of taxes (as revised)	—	—	—	—	—	87.4	87.4	1.6	89.0
Issuance of common stock at \$26.50 per share in June 2015 Equity Offering	—	18,226,414	0.2	482.8	—	—	483.0	—	483.0
Issuance costs in connection with June 2015 Equity Offering	—	—	—	(14.8)	—	—	(14.8)	—	(14.8)
Conversion of PDH Common Stock into common stock	—	406,217	—	4.7	—	—	4.7	(4.7)	—
Issuance of common stock under ESPP	—	6,841	—	0.3	—	—	0.3	—	0.3
Equity compensation expense	—	—	—	0.6	—	—	0.6	—	0.6
Balance at June 30, 2015	2,000,000	\$ -210,861,044	\$ 2.1	\$ 3,287.9	\$ (263.0)	\$ (387.6)	\$ 2,639.4	\$ 109.1	\$ 2,748.5

See accompanying notes to condensed consolidated financial statements

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of the Company and Business

Platform Specialty Products Corporation is a global, diversified producer of high-technology specialty chemical products and provider of technical services. The Company's business involves the formulation of a broad range of solutions-oriented specialty chemicals which are sold into multiple industries, including agricultural, animal health, electronics, graphic arts, plating, offshore oil and gas production and drilling. The Company refers to its products as "dynamic chemistries" due to their intricate chemical compositions which are used in a wide variety of niche markets. As further described in Note 19, Segment Information, the Company operates in two segments: Performance Solutions and Agricultural Solutions.

Until the MacDermid Acquisition on October 31, 2013, the Company had neither engaged in any operations nor generated any income. Following the MacDermid Acquisition, on January 22, 2014, the Company was domesticated in Delaware and on January 23, 2014, its common stock, par value \$0.01 per share, began trading on the NYSE under the ticker symbol "PAH."

Basis of Presentation

These unaudited interim Condensed Consolidated Financial Statements and related information have been prepared in accordance with U.S. GAAP for interim financial information and in accordance with the applicable rules and regulations of the SEC. Accordingly, they do not include all of the disclosures required in connection with annual financial statements. These unaudited interim Condensed Consolidated Financial Statements reflect all adjustments that are, in the opinion of management, normal, recurring and necessary for a fair statement of the Company's results of operations. These unaudited interim Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the related notes thereto included in the Company's Annual Report. The year-end Condensed Consolidated Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

Principles of Consolidation

The accompanying unaudited interim Condensed Consolidated Financial Statements include Platform's accounts and all of its controlled subsidiaries. All subsidiaries are included in the unaudited interim Condensed Consolidated Financial Statements for the entire period or, if acquired, from the date on which the Company obtains control. The Company fully consolidates the income, expenses, assets, liabilities and cash flows of subsidiaries from the date it acquires control or becomes the primary beneficiary up to the date control ceases. All intercompany accounts and transactions have been eliminated in consolidation.

Recently Adopted and Pending Accounting Pronouncements

Financial Instruments - Credit Losses (Topic 326) - In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments." The amendments introduce new guidance for the accounting for credit losses on certain types of financial instruments, which are to be estimated based on the expected losses. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. The guidance is effective for fiscal years and interim periods beginning after December 15, 2019 with early adoption permitted for fiscal years and interim periods beginning after December 15, 2018. The Company is evaluating the impact of this ASU.

Revenue from Contracts with Customers (Topic 606) - In May 2016, the FASB issued ASU 2016-12, "Narrow-Scope Improvements and Practical Expedients." The provisions of this amendment affect the guidance set forth in ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." The amendment provides clarification on the collectability criterion, presentation of taxes, non-cash consideration and contract modification guidance espoused in ASU 2014-09. The amendment also clarifies the accounting treatment for completed contracts and retrospective application of the standard to prior reporting periods. The guidance

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

is effective for fiscal years and interim periods beginning after December 15, 2017 with early adoption permitted. The Company is evaluating the impact of this ASU.

Revenue from Contracts with Customers (Topic 606) - In April 2016, the FASB issued ASU 2016-10, "Identifying Performance Obligations and Licensing." The amendments provide clarification on the implementation guidance defining when a good or service is separately identifiable from other promises in the contract and on contracts with licenses of intellectual property. The guidance is effective for fiscal years and interim periods beginning after December 15, 2017 with early adoption permitted. The Company is evaluating the impact of this ASU.

Compensation - Stock Compensation (Topic 718) - In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting." The amendments change the accounting treatment related to tax windfall and shortfalls associated with share-based awards. The amendments also eliminate the requirement for entities to estimate future forfeiture rates associated with share-based awards and stipulate the requirement that cash payments made by employers when directly withholding shares for tax-withholdings purposes should be classified as a financing activity in the statement of cash flows. The guidance is effective for fiscal years and interim periods beginning after December 15, 2016 with early adoption permitted. The Company adopted this ASU as of April 1, 2016 and adopted an accounting policy to no longer estimate forfeitures. This ASU did not have a material impact on the Company's financial statements.

Revenue from Contracts with Customers (Topic 606) - In March 2016, the FASB issued ASU 2016-08, "Principal versus Agent Considerations." The amendments improve the operability and understandability of the implementation guidance on principal versus agent considerations. The guidance is effective for fiscal years and interim periods beginning after December 15, 2017 with early adoption permitted. The Company continues to evaluate the impact of this ASU.

Investments - Equity Method and Joint Ventures (Topic 323) - In March 2016, the FASB issued ASU No. 2016-07, "Simplifying the Transition to the Equity Method of Accounting." The amendments simplify transition accounting when the ownership level or degree of influence held in an investment qualifies that investment for equity method accounting. The guidance is effective prospectively for fiscal years and interim periods beginning after December 15, 2016, with early adoption permitted. The Company does not expect this ASU to have a material impact on its financial statements.

Derivatives and Hedging (Topic 815) - In March 2016, the FASB issued ASU 2016-06, "Contingent Put and Call Options in Debt Instruments (a consensus of the FASB Emerging Issues Task Force)." The ASU clarifies guidance around determining whether call or put options that can accelerate the repayment of principal on a debt or hybrid instrument that are considered embedded derivatives meet the "clearly and closely related" criterion for determining whether the embedded derivative is required to be separated from the host contract and accounted for separately as a derivative. The guidance is effective for fiscal years and interim periods beginning after December 15, 2016 with early adoption permitted. Adoption is required on a modified retrospective basis. The Company is evaluating the impact of this ASU.

Derivatives and Hedging (Topic 815) - In March 2016, the FASB issued ASU No. 2016-05, "Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships (a consensus of the FASB Emerging Issues Task Force)." The amendments stipulate that a change in the counterparty of a derivative instrument that has been designated as a hedging instrument under Topic 815 does not, in and of itself, require de-designation of that hedging relationship, provided that all other hedge accounting criteria continue to be met. The guidance is effective for fiscal years and interim periods beginning after December 15, 2016 and provides entities with the option to apply either a prospective or a modified retrospective approach. The Company does not expect this ASU to have a material impact on its financial statements.

Leases (Topic 842) - In February 2016, the FASB issued ASU No. 2016-02, "Leases." The updated guidance applies to capital (or finance) and operating leases, and requires lessees to recognize a lease liability for the obligation to make

lease payments and a right-of-use asset for the right to use the underlying asset for the lease term. Lessees can make an accounting policy choice to not recognize right of use assets and lease liabilities for short-term leases (leases with a lease term of 12 months or less). The guidance is effective for fiscal years and interim periods beginning after December 15, 2018, with early adoption permitted. The Company continues to evaluate the impact of this ASU.

Financial Instruments - Overall (Subtopic 825.10) - In January 2016, the FASB issued ASU No. 2016-1, "Recognition and Measurement of Financial Assets and Financial Liabilities." This update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial assets and liabilities. Provisions of this ASU include, among others, requiring the measurement of certain equity investments at fair value, with changes in value recognized in net income, and simplifying the

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

impairment assessment of certain equity investments. The guidance is effective for fiscal years and interim periods beginning after December 15, 2017. Early adoption is only permitted for provisions related to the recognition of changes in fair value of financial liabilities. The Company does not expect this ASU to have a material impact on its financial statements.

Revenue from Contracts with Customers (Topic 606) - In August 2015, the FASB issued ASU No. 2015-14, "Deferral of the Effective Date," which defers the effective date of ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)," for all entities by one year. As a result, the provisions of ASU No. 2014-09 will be effective prospectively for fiscal years and interim periods beginning after December 15, 2017. ASU No. 2014-09 (1) removes inconsistencies and weaknesses in revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company continues to evaluate the impact of this ASU.

Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40) - In April 2015, the FASB issued ASU No. 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." This update provides explicit guidance to customers utilizing a cloud computing solution to help determine whether such an arrangement includes a software license, in which case the accounting applied would be similar to that of other software license arrangements. Otherwise, the arrangement would be accounted for as a service contract. The Company adopted this ASU as of January 1, 2016. This ASU did not have a material impact on the Company's financial statements.

Income Statement – Extraordinary and Unusual Items (Subtopic 225-20) - In January 2015, the FASB issued ASU No. 2015-1, "Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items." This update eliminates the requirement for entities to identify extraordinary events and transactions, those being both unusual in nature and infrequent in occurrence, and separately classify, present and disclose such items. The guidance is effective prospectively for fiscal years and interim periods beginning after December 15, 2015. The Company adopted this ASU as of January 1, 2016. The Company did not have any extraordinary or unusual income statement items recorded for any periods presented and therefore, this ASU did not have a material impact on the Company's financial statements.

Presentation of Financial Statements - Going Concern (Subtopic 205-40) - In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." The amendments provide clarification on conditions and events that should be considered by management at each annual and interim reporting period in determining whether there exists substantial doubt as to an entity's ability to continue as a going concern. The guidance is effective for fiscal years and interim periods ending after December 15, 2016 with early adoption permitted. The Company does not expect this ASU to have a material impact on its financial statements.

Compensation – Stock Compensation (Topic 718) - In June 2014, the FASB issued ASU No. 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period (a consensus of the FASB Emerging Issues Task Force)." The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The guidance is effective prospectively for fiscal years and interim periods beginning after December 15, 2015. The Company adopted this ASU as of January 1, 2016. This ASU did not have a material impact on the Company's financial statements as it had no share-based compensation awards that were effected by this pronouncement.

Revision

As previously disclosed in the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2015, an error to goodwill and foreign currency translation adjustment of \$72.8 million occurred relating to the Arysta Acquisition and was corrected as an out-of-period adjustment in such quarterly report. The Company subsequently concluded that this previously disclosed error also had the effect of understating cash flows provided by operating activities and cash flows used in investing activities by \$72.8 million, and therefore further concluded that the previously reported information should be restated. The restatement was included in Note 20, Restatement of Unaudited Interim Condensed Consolidated Financial Statements (Unaudited), to the unaudited interim Condensed Consolidated Financial Statements included in the 2016 Q1 Form 10-Q. As a result of the restatement, the Company revised the foreign currency translation adjustment amount reported for the three months ended June 30, 2015 by \$72.8 million

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Notes to the Condensed Consolidated Financial Statements

(Unaudited)

to reflect the effects of the restatement on the unaudited Condensed Consolidated Statement of Comprehensive Income (Loss) and Condensed Consolidated Statement of Changes in Stockholders' Equity, as well as Note 12, Accumulated Other Comprehensive (Loss) Income, to the unaudited interim Condensed Consolidated Financial Statements.

2. ACQUISITIONS OF BUSINESSES

OMG Malaysia Acquisition

On January 31, 2016, the Company completed the OMG Malaysia Acquisition for approximately \$124 million, net of acquired cash and closing working capital adjustments.

The Company acquired OMG Malaysia to further enhance its Performance Solutions segment. OMG Malaysia, which is highly-synergistic with the OMG Businesses, is included in the Company's Performance Solutions business segment.

Alent Acquisition

On December 1, 2015, Platform completed the Alent Acquisition by acquiring all of the issued shares of Alent for approximately \$1.74 billion in cash, net of acquired cash, and 18,419,738 shares of the Company's common stock at \$12.56 per share, issued to Alent shareholders, including Cevian Capital II Master Fund LP, the then largest shareholder of Alent.

The Company acquired Alent to expand its product capabilities and offerings and improve its geographic outreach in surface treatments. Alent is a global supplier of specialty chemicals and engineered materials used primarily in electronics, automotive, industrial applications, and high performance consumable products and services. Alent is included in the Company's Performance Solutions business segment.

OMG Acquisition

On October 28, 2015, Platform completed the OMG Acquisition for approximately \$239 million in cash, net of acquired cash, and purchase price adjustments.

The Company acquired the highly-synergistic OMG Businesses to bolster its Performance Solutions business segment. OMG's Electronic Chemicals business develops, produces and supplies chemicals for electronic and industrial applications. OMG's Photomasks products are used by customers to produce semiconductors and related products. These businesses are included in the Company's Performance Solutions business segment.

Arysta Acquisition

On February 13, 2015, Platform completed the Arysta Acquisition for approximately \$3.50 billion, consisting of \$2.86 billion in cash, net of acquired cash and closing working capital adjustments, and including Arysta Seller transaction expenses paid by Platform, and the issuance to the Arysta Seller of \$600 million of Platform's Series B Convertible Preferred Stock with a fair value of \$646 million.

The Company acquired Arysta to expand its presence in the agrochemical business, complementing the Agriphar and CAS Acquisitions. Arysta provides products and solutions utilizing globally managed patented and proprietary off-patent agrochemical AIs and biological solutions, or biosolutions, and off-patent agrochemical offerings. Biosolutions includes stimulants, or biostimulants, innovative nutrition and biological control, or biocontrol, products. Arysta is included in the Company's Agricultural Solutions business segment.

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Notes to the Condensed Consolidated Financial Statements

(Unaudited)

Acquisition Net Sales and Net Loss

Since the dates of their respective acquisitions, net sales contributed by the OMG Malaysia, Alent, OMG and Arysta Acquisitions for the three and six months ended June 30, 2016 and 2015 were as follows:

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
(amounts in millions)	2016	2015	2016	2015
OMG Malaysia	\$7.4	\$—	\$12.9	\$—
Alent	229.4	—	449.0	—
OMG	25.8	—	53.0	—
Arysta	366.1	341.9	649.7	519.4
Total	\$628.7	\$341.9	\$1,164.6	\$519.4

The OMG Malaysia, Alent, OMG and Arysta Acquisitions had net income (losses) for the three and six months ended June 30, 2016 and 2015 as follows:

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
(amounts in millions)	2016	2015	2016	2015
OMG Malaysia	\$1.8	\$—	\$1.1	\$—
Alent	16.5	—	15.1	—
OMG	1.4	—	0.4	—
Arysta	(94.4)	(61.5)	(165.1)	(65.8)
Total	\$(74.7)	\$(61.5)	\$(148.5)	\$(65.8)

As the integration continues for (1) the OMG Malaysia, Alent and OMG Acquisitions within the Company's Performance Solutions business segment, and (2) the Arysta, CAS and Agriphar Acquisitions within the Agricultural Solutions segment, discrete results reported by these existing businesses are being effected by the integration process and are becoming less comparable to prior periods.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

Notes to the Condensed Consolidated Financial Statements

(Unaudited)

Purchase Price Allocation

The following table summarizes the consideration transferred and transaction costs incurred to acquire OMG Malaysia, Alent and the OMG Businesses, as well as the applicable amounts of identified assets acquired and liabilities assumed at the applicable acquisition date:

(amounts in millions)	OMG Malaysia	Alent	OMG Businesses
Consideration			
Cash, net	\$ (1.3)	\$ 1,507.0	\$ 239.1
Equity instruments	—	231.4	—
Note receivable settlement	125.0	—	—
Total consideration	\$ 123.7	\$ 1,738.4	\$ 239.1
Acquisition costs	\$ 0.5	\$ 29.4	\$ 7.4
Identifiable assets acquired and liabilities assumed			
Accounts receivable	\$ 4.3	\$ 177.4	\$ 33.1
- less uncollectible	—	(1.8)	(1.6)
Accounts receivable - fair value	4.3	175.6	31.5
Inventories	6.4	116.1	13.2
Other current assets	0.2	29.3	1.6
Property, plant and equipment	4.7	192.2	35.1
Identifiable intangible assets	38.3	682.9	77.9
Other assets	—	38.3	0.2
Current liabilities	(3.5)	(181.8)	(21.5)
Non-current deferred tax liability	(10.0)	(139.6)	(13.6)
Other long term liabilities	—	(345.2)	(2.9)
Total identifiable net assets	40.4	567.8	121.5
Goodwill	83.3	1,170.6	117.6
Total purchase price	\$ 123.7	\$ 1,738.4	\$ 239.1

The purchase accounting and purchase price allocation is complete for the OMG Acquisition. During the second quarter of 2016, the Company increased the environmental reserves by \$1.5 million and reduced non-current accrued tax liability by \$2.6 million. The collective impact of these adjustments resulted in a decrease of \$1.1 million in goodwill.

The purchase accounting and purchase price allocation is substantially complete for the Alent Acquisition, with the exception of income taxes, environmental reserves and asset retirement obligations. The Company is still gathering information to finalize purchase accounting for the Alent Acquisition. During the second quarter of 2016, the Company updated the environmental reserves, non-current other liabilities and non-current deferred tax assets. The updates resulted in increases of \$25.6 million in environmental reserves and \$2.8 million in non-current other liabilities. The collective impact of the adjustments above resulted in increases of \$0.7 million in non-current deferred tax asset, with corresponding adjustments reflected in goodwill.

The purchase accounting and purchase price allocation is substantially complete for the OMG Malaysia, with the exception of intangible assets. During the second quarter of 2016, the Company updated the valuation of inventories, identifiable intangible assets and non-current deferred tax liability. The updated valuations resulted in decreases in inventories of \$0.8 million and identifiable intangible assets of \$20.7 million. The collective impact of the adjustments noted above resulted in a decrease of \$5.1 million in non-current deferred tax liability, with corresponding

adjustments reflected in goodwill.

All the measurement period adjustments noted above had an immaterial impact on the three and six months ended June 30, 2016.

PLATFORM SPECIALTY PRODUCTS CORPORATION AND SUBSIDIARIES

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The excess of the respective cost of the OMG Malaysia, Alent and OMG Acquisitions over the net of amounts assigned to the fair values of the assets acquired and the liabilities assumed in connection with these acquisitions is recorded as goodwill and represents the value of estimated synergies and the assembled workforces resulting from these acquisitions. Of the \$1.37 billion of goodwill recorded in connection with the OMG Malaysia, Alent and OMG Acquisitions, \$113 million is expected to be deductible for tax purposes as result of the OMG Malaysia and OMG Acquisitions.

Identifiable intangible assets recorded in conjunction with the OMG Malaysia, Alent and OMG Acquisitions were as follows:

OMG Malaysia	Alent	OMG Businesses	Total
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