Compass Diversified Holdings
Form 10-Q
August 06, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2014
Or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

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

Delaware	001-34927	57-6218917
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. employer identification number)

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 or organization)	(Commission file number)	(I.R.S. employer identification number)

Sixty One Wilton Road
Second Floor
Westport, CT 06880
(203) 221-1703
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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 ý 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company' in Rule 12b-2 of the

Exchange Act

Large accelerated filer	¨	Accelerated filer	ý
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 ý

As of August 1, 2014, there were 48,300,000 shares of Compass Diversified Holdings outstanding.

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COMPASS DIVERSIFIED HOLDINGS
QUARTERLY REPORT ON FORM 10-Q
For the period ended June 30, 2014
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NOTE TO READER

In reading this Quarterly Report on Form 10-Q, references to:

- the “Trust” and “Holdings” refer to Compass Diversified Holdings;
- “businesses,” “operating segments,” “subsidiaries” and “reporting units” refer to, collectively, the businesses controlled by the Company;
- the “Company” refer to Compass Group Diversified Holdings LLC;
- the “Manager” refer to Compass Group Management LLC (“CGM”);
- the “initial businesses” refer to, collectively, Staffmark Holdings, Inc. (“Staffmark”), Crosman Acquisition Corporation, Compass AC Holdings, Inc. (“ACI” or “Advanced Circuits”) and Silvue Technologies Group, Inc.;
- the “2012 acquisition” refer to the acquisition of Arnold Magnetic Technologies Holdings Corporation (“Arnold” or “Arnold Magnetics”);
- the “Trust Agreement” refer to the amended and restated Trust Agreement of the Trust dated as of November 1, 2010;
- the “2011 Credit Facility” refer to a credit agreement (as amended) with a group of lenders led by Toronto Dominion (Texas) LLC, as agent, which provides for the Revolving Credit Facility and the Term Loan Facility;
- the “2011 Revolving Credit Facility” refer to the $320 million Revolving Credit Facility provided by the 2011 Credit Facility;
- the "2011 Term Loan Facility" refer to the Term Loan Facility provided by the 2011 Credit Facility;
- the "2014 Credit Facility" refer to the credit agreement entered into on June 6, 2014 with a group of lenders led by Bank of America N.A. as administrative agent, which provides for a Revolving Credit Facility and a Term Loan Facility;
- the “2014 Revolving Credit Facility” refer to the $400.0 million Revolving Credit Facility provided by the 2014 Credit Facility that matures in June 2019;
- the “2014 Term Loan” refer to the $325.0 million Term Loan Facility, as of June 30, 2014, provided by the Credit Facility that matures in June 2021;
- the “LLC Agreement” refer to the fourth amended and restated operating agreement of the Company dated as of January 1, 2012; and
- “we,” “us” and “our” refer to the Trust, the Company and the businesses together.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, contains both historical and forward-looking statements. We may, in some cases, use words such as “project,” “predict,” “believe,” “anticipate,” “plan,” “expect,” “estimate,” “intend,” “should,” “would, “potentially,” or “may,” or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q are subject to a number of risks and uncertainties, some of which are beyond our control, including, among other things:

- our ability to successfully operate our businesses on a combined basis, and to effectively integrate and improve future acquisitions;
- our ability to remove CGM and CGM’s right to resign;
- our organizational structure, which may limit our ability to meet our dividend and distribution policy;
- our ability to service and comply with the terms of our indebtedness;
- our cash flow available for distribution and reinvestment and our ability to make distributions in the future to our shareholders;
- our ability to pay the management fee and profit allocation if and when due;
- our ability to make and finance future acquisitions;
- our ability to implement our acquisition and management strategies;
- the regulatory environment in which our businesses operate;
- trends in the industries in which our businesses operate;
- changes in general economic or business conditions or economic or demographic trends in the United States and other countries in which we have a presence, including changes in interest rates and inflation;
- environmental risks affecting the business or operations of our businesses;
- our and CGM’s ability to retain or replace qualified employees of our businesses and CGM;
- costs and effects of legal and administrative proceedings, settlements, investigations and claims; and
- extraordinary or force majeure events affecting the business or operations of our businesses.

Our actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. Additional risks of which we are not currently aware or which we currently deem immaterial could also cause our actual results to differ.

In light of these risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements. The forward-looking events discussed in this Quarterly Report on Form 10-Q may not occur. These forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances, whether as a result of new information, future events or otherwise, except as required by law.

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PART I
FINANCIAL INFORMATION

ITEM 1. — FINANCIAL STATEMENTS

Compass Diversified Holdings
Condensed Consolidated Balance Sheets

(in thousands)	June 30, 2014 (unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$115,349	$113,229
Accounts receivable, less allowances of $4,236 at June 30, 2014 and $3,424 at December 31, 2013	137,215	111,736
Inventories	166,723	152,948
Prepaid expenses and other current assets	23,766	21,220
Total current assets	443,053	399,133
Property, plant and equipment, net	70,470	68,059
Goodwill	258,717	246,611
Intangible assets, net	331,121	310,359
Deferred debt issuance costs, less accumulated amortization of $331 at June 30, 2014 and $4,161 at December 31, 2013 (refer to Note G)	13,227	8,217
Other non-current assets	12,852	12,534
Total assets	$1,129,440	$1,044,913
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$65,336	$62,539
Accrued expenses	47,747	55,590
Due to related party	4,399	4,528
Current portion, long-term debt	5,750	2,850
Other current liabilities	4,760	4,623
Total current liabilities	127,992	130,130
Deferred income taxes	57,658	60,024
Long-term debt, less original issue discount	359,986	280,389
Other non-current liabilities	23,483	5,435
Total liabilities	569,119	475,978
Stockholders' equity		
Trust shares, no par value, 500,000 authorized; 48,300 shares issued and outstanding at June 30, 2014 and December 31, 2013	725,453	725,453
Accumulated other comprehensive income	788	693
Accumulated deficit	(276,800)	(252,761)
Total stockholders' equity attributable to Holdings	449,441	473,385
Noncontrolling interest	110,880	95,550
Total stockholders' equity	560,321	568,935
Total liabilities and stockholders' equity	$1,129,440	$1,044,913

See notes to condensed consolidated financial statements.

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Compass Diversified Holdings
Condensed Consolidated Statements of Operations
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
(in thousands, except per share data)				
Net sales	$269,084	$245,775	$515,132	$487,342
Cost of sales	186,542	168,418	356,238	333,612
Gross profit	82,542	77,357	158,894	153,730
Operating expenses:				
Selling, general and administrative expense	48,080	40,994	94,253	82,203
Supplemental put expense	—	8,912	—	15,308
Management fees	5,023	4,434	9,758	8,750
Amortization expense	7,678	7,444	15,027	15,074
Impairment expense	—	900	—	900
Operating income	21,761	14,673	39,856	31,495
Other income (expense):				
Interest expense, net	(4,810)	(4,188)	(9,382)	(9,527)
Amortization of debt issuance costs	(583)	(526)	(1,153)	(1,011)
Loss on debt extinguishment	(2,143)	(1,785)	(2,143)	(1,785)
Other income (expense), net	106	(343)	290	(16)
Income before income taxes	14,331	7,831	27,468	19,156
Provision for income taxes	2,012	5,875	7,776	13,574
Net income	12,319	1,956	19,692	5,582
Less: Net income attributable to noncontrolling interest	6,600	2,525	9,314	4,557
Net income (loss) attributable to Holdings	$5,719	$(569)	$10,378	$1,025
Basic and fully diluted income (loss) per share attributable to Holdings (refer to Note J)	$0.11	$(0.01)	$0.19	$0.02
Weighted average number of shares of trust stock outstanding – basic and fully diluted	48,300	48,300	48,300	48,300
Cash distributions declared per share (refer to Note J)	$0.36	$0.36	$0.72	$0.72

See notes to condensed consolidated financial statements.

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Compass Diversified Holdings
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
(in thousands)				
Net income	$12,319	$1,956	$19,692	$5,582
Other comprehensive income (loss)				
Foreign currency translation and other	104	293	95	(425)
Total comprehensive income, net of tax	$12,423	$2,249	$19,787	$5,157

See notes to condensed consolidated financial statements.

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Compass Diversified Holdings
Condensed Consolidated Statement of Stockholders' Equity
(unaudited)

(in thousands)	Number of Shares	Amount	Accumulated Deficit	Accum. Other Comprehensive Income (Loss)	Stockholders' Equity Attrib. to Holdings	Non-Controlling Interest	Total Stockholders' Equity
Balance — January 1, 2014	48,300	$725,453	$ (252,761)	$ 693	$473,385	$ 95,550	$568,935
Net income	—	—	10,378	—	10,378	9,314	19,692
Other comprehensive loss – foreign currency translation and other	—	—	—	95	95	—	95
Option activity attributable to noncontrolling shareholders	—	—	—	—	—	6,375	6,375
Effect of subsidiary stock options exercise	—	—	359	—	359	(359)	—
Distributions paid	—	—	(34,776)	—	(34,776)	—	(34,776)
Balance — June 30, 2014	48,300	$725,453	$ (276,800)	$ 788	$449,441	$ 110,880	$560,321

See notes to condensed consolidated financial statements.

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Compass Diversified Holdings
Condensed Consolidated Statements of Cash Flows
(unaudited)

(in thousands)	Six months ended June 30, 2014	2013
Cash flows from operating activities:		
Net income	$19,692	$5,582
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	9,507	8,050
Amortization expense	15,027	15,074
Impairment expense	—	900
Amortization of debt issuance costs and original issue discount	1,699	1,666
Loss on debt extinguishment	2,143	1,785
Supplemental put expense	—	15,308
Unrealized (gain) loss on interest rate and foreign currency derivatives	273	(481)
Noncontrolling stockholder stock based compensation	2,969	2,312
Excess tax benefit from subsidiary stock options exercised	(1,662)	—
Deferred taxes	(2,935)	(1,573)
Other	228	46
Changes in operating assets and liabilities, net of acquisition:		
Increase in accounts receivable	(24,105)	(26,148)
Increase in inventories	(5,056)	(15,843)
Increase in prepaid expenses and other current assets	(3,389)	(3,667)
Increase (decrease) in accounts payable and accrued expenses	(3,071)	24,991
Payment of profit allocation	—	(5,603)
Net cash provided by operating activities	11,320	22,399
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(43,014)	—
Purchases of property and equipment	(7,601)	(9,008)
Payment of interest rate swap	(996)	—
Proceeds from sale leaseback transaction	—	4,372
Other investing activities	29	272
Net cash used in investing activities	(51,582)	(4,364)
Cash flows from financing activities:		
Borrowings under credit facility	388,000	70,000
Repayments under credit facility	(307,000)	(48,350)
Distributions paid	(34,776)	(34,776)
Net proceeds provided by noncontrolling shareholders	1,750	—
Distributions paid to noncontrolling shareholders	—	(3,090)
Debt issuance costs	(7,370)	(1,843)
Excess tax benefit from subsidiary stock options exercised	1,662	—
Other	(35)	(69)
Net cash provided by (used in) financing activities	42,231	(18,128)
Foreign currency impact on cash	151	(300)
Net increase (decrease) in cash and cash equivalents	2,120	(393)
Cash and cash equivalents — beginning of period	113,229	18,241
Cash and cash equivalents — end of period	$115,349	$17,848

See notes to condensed consolidated financial statements.

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Compass Diversified Holdings
Notes to Condensed Consolidated Financial Statements (unaudited)
June 30, 2014

Note A — Organization and business operations
Compass Diversified Holdings, a Delaware statutory trust ("the Trust"), was incorporated in Delaware on November 18, 2005. Compass Group Diversified Holdings, LLC, a Delaware limited liability Company (the "Company"), was also formed on November 18, 2005 with equity interests which were subsequently reclassified as the "Allocation Interests". The Trust and the Company were formed to acquire and manage a group of small and middle-market businesses headquartered in North America. In accordance with the amended and restated Trust Agreement, dated as of April 25, 2006 (the "Trust Agreement"), the Trust is sole owner of 100% of the Trust Interests (as defined in the Company's amended and restated operating agreement, dated as of April 25, 2006 (as amended and restated, the "LLC Agreement")) of the Company and, pursuant to the LLC Agreement, the Company has, outstanding, the identical number of Trust Interests as the number of outstanding shares of the Trust. Compass Group Diversified Holdings, LLC, a Delaware limited liability company is the operating entity with a board of directors and other corporate governance responsibilities, similar to that of a Delaware corporation.
The Company is a controlling owner of eight businesses, or reportable operating segments, at June 30, 2014. The segments are as follows: CamelBak Acquisition Corp. ("CamelBak"), The Ergo Baby Carrier, Inc. ("Ergobaby"), Fox Factory, Inc. ("FOX"), Liberty Safe and Security Products, Inc. ("Liberty Safe" or "Liberty"), Compass AC Holdings, Inc. ("ACI" or "Advanced Circuits"), American Furniture Manufacturing, Inc. ("AFM" or "American Furniture"), AMT Acquisition Corporation ("Arnold" or "Arnold Magnetics") and Tridien Medical, Inc. ("Tridien"). Refer to Note D for further discussion of the operating segments. Compass Group Management LLC, a Delaware limited liability company ("CGM" or the "Manager"), manages the day to day operations of the Company and oversees the management and operations of our businesses pursuant to a management services agreement ("MSA").

Note B — Presentation and principles of consolidation
The condensed consolidated financial statements for the three and six month periods ended June 30, 2014 and June 30, 2013, are unaudited, and in the opinion of management, contain all adjustments necessary for a fair presentation of the condensed consolidated financial statements. Such adjustments consist solely of normal recurring items. Interim results are not necessarily indicative of results for a full year or any subsequent interim period. The condensed consolidated financial statements and notes are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and presented as permitted by Form 10-Q and do not contain certain information included in the annual consolidated financial statements and accompanying notes of the Company. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.
Seasonality
Earnings of certain of the Company's operating segments are seasonal in nature. Earnings from AFM are typically highest in the months of January through April of each year, coinciding with homeowners' tax refunds. Revenue and earnings from FOX are typically highest in the third quarter, coinciding with the delivery of product for the new bike year. Earnings from Liberty are typically lowest in the second quarter due to lower demand for safes at the onset of summer. Earnings from CamelBak are typically higher in the spring and summer months as this corresponds with warmer weather in the Northern Hemisphere and an increase in hydration related activities.
Consolidation
The condensed consolidated financial statements include the accounts of Holdings and all majority owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation.
FOX Initial Public Offering
On August 13, 2013, the Company's FOX operating segment completed an initial public offering of its common stock pursuant to a registration statement on Form S-1 (the "FOX IPO"). FOX sold 2,857,143 of its shares, and certain of its

shareholders, including the Company, sold 7,000,000 shares at an initial offering price of $15.00 per share. FOX trades on the NASDAQ stock market under the ticker “FOXF”. The Company’s ownership interest in FOX was reduced from 75.8% to 53.9% on a primary basis and from 70.6% to 49.8% on a fully diluted basis as a result of the FOX IPO.

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Recently Adopted Accounting Pronouncements

In July 2013, the Financial Accounting Standards Board ("FASB") issued an accounting standards update intended to provide guidance on the presentation of unrecognized tax benefits, reflecting the manner in which an entity would settle, at the reporting date, any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. The accounting standard was effective for the Company on January 1, 2014. The adoption of this guidance did not have a material impact on the Company's consolidated financial position or results of operations.

In March 2013, the FASB issued an accounting standards update intended to provide guidance on a parent's accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. This accounting standard was effective for the Company on January 1, 2014. The adoption of this guidance did not have a material impact on the Company's consolidated financial position or results of operations.

Recently Issued Accounting Pronouncements

In April 2014, the FASB issued an accounting standard update related to reporting discontinued operations and disclosures of disposals of components of an entity which changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. Under the new guidance, a discontinued operation is defined as a disposal of a component or group of components that is disposed of or is classified as held for sale and "represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results." The new standard applies prospectively to new disposals and new classifications of disposal groups as held for sale after the effective date. The amendment is effective for annual reporting periods beginning after December 15, 2014, which for the Company is January 1, 2015, and interim periods within those annual periods. The adoption of this standard is not expected to change the manner in which the Company currently presents discontinued operations in the consolidated financial statements.

In May 2014, the FASB issued a comprehensive new revenue recognition standard. The new standard outlines a new, single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model 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 standard is designed to create greater comparability for financial statement users across industries, jurisdictions and capital markets and also requires enhanced disclosures. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

Note C — Acquisition

On March 31, 2014, the Company's majority owned subsidiary, FOX, acquired certain assets and assumed certain liabilities of Sport Truck USA, Inc. ("Sport Truck") a privately held global distributor, primarily of its own branded aftermarket suspension solutions and a reseller of FOX products. The transaction was accounted for as a business combination. FOX paid cash consideration of approximately $40.8 million, which is subject to certain working capital adjustments in accordance with the asset purchase agreement. Certain members of Sport Truck's executive committee have agreed to refund up to $1.4 million of the proceeds from the sale, on a graduated basis, if they terminate their employment prior to March 31, 2017. As a result, such payments have been excluded from the acquisition consideration, and will be recognized as compensation expense over the three year service period. As of June 30, 2014, prepaid compensation expense of $0.5 million and $0.8 million is included in prepaid expenses and other current assets and other non-current assets, respectively, in the accompanying condensed consolidated balance sheet.

The transaction was financed with debt and includes a potential earn-out opportunity of up to a maximum of $29.3 million payable over the next three years contingent upon the achievement of certain performance based financial targets. The contingent consideration was fair valued at $19.0 million, based on probability weighted models. Refer to Note I — "Fair value measurements." FOX will continue to assess the probability that the performance based financial targets will be met, and any subsequent changes in the estimated fair value of the liability will be reflected in earnings until the liability is fully settled. The total consideration was increased by the effective settlement of trade receivables of approximately $0.5 million.

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The purchase price of Sport Truck is allocated to the assets acquired and liabilities assumed based on their estimated respective fair values as of March 31, 2014 with the excess purchase price allocated to goodwill. The allocation of the purchase price to the net tangible and intangible assets acquired and liabilities assumed is as follows:

Sport Truck	Amounts Recognized as of Acquisition Date
(in thousands)	
Assets:	
Cash	$—
Accounts receivable, net	1,240
Inventory	8,540
Property, plant and equipment	4,488
Intangible assets	35,270
Goodwill (1)	11,962
Other assets	754
Total assets	$62,254
Liabilities:	
Current liabilities	$1,976
Total liabilities	$1,976
Net assets acquired	$60,278

(1) Goodwill is expected to be deductible for tax purposes.

Acquisition Consideration	
(in thousands)	
Cash	$40,770
Settlement of pre-existing accounts	473
Contingent consideration	19,035
Total consideration at closing	$60,278

The intangible assets recorded in connection with the Sport Truck acquisition are as follows (in thousands):

Intangible assets	Amount	Estimated Useful Life
Customer relationships	$19,000	15
Trade name	16,270	Indefinite
	$35,270	

The values assigned to the identifiable intangible assets were determined by discounting the estimated future cash flows associated with these assets to their present value. The goodwill of $12.0 million reflects the strategic fit of Sport Truck with FOX's operations. Sport Truck is well-aligned with FOX's mission of improving vehicle performance, delivering best in-class service, and entering into strategic and adjacent markets. FOX incurred approximately $0.2 million and $1.2 million in transaction costs for the three and six months ended June 30, 2014 in connection with the acquisition of Sport Truck, which were expensed as incurred and included in selling, general and administrative expense in the accompanying condensed consolidated income statement.

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Note D — Operating segment data

At June 30, 2014, the Company had eight reportable operating segments. Each operating segment represents a platform acquisition. The Company's operating segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. A description of each of the reportable segments and the types of products and services from which each segment derives its revenues is as follows:

- CamelBak is a diversified hydration and personal protection platform, offering products for outdoor, recreation and military applications. CamelBak offers a broad range of recreational / military hydration packs, reusable water bottles, specialized military gloves and performance accessories. Through its global distribution network, CamelBak products are available in more than 65 countries worldwide. CamelBak is headquartered in Petaluma, California.

- Ergobaby is a premier designer, marketer and distributor of wearable baby carriers and related baby wearing products, as well as infant travel systems (strollers, car seats and accessories). Ergobaby offers a broad range of wearable baby carriers, infant travel systems and related products that are sold through more than 450 retailers and web shops in the United States and throughout the world. Ergobaby has two main product lines: baby carriers (baby carriers and accessories) and infant travel systems (strollers, car seats and accessories). Ergobaby is headquartered in Los Angeles, California.

- FOX is a designer, manufacturer and marketer of high-performance suspension products used primarily on mountain bikes, side-by-side vehicles, on-road vehicles with off-road capabilities, off-road vehicles and trucks, all-terrain vehicles, or ATVs, snowmobiles, specialty vehicles and applications, and motorcycles. FOX's products offer innovative design, performance, durability and reliability that enhance ride dynamics by improving performance and control. FOX is headquartered in Scotts Valley, CA.

- Liberty Safe is a designer, manufacturer and marketer of premium home and gun safes in North America. From it's over 204,000 square foot manufacturing facility, Liberty produces a wide range of home and gun safe models in a broad assortment of sizes, features and styles. Liberty is headquartered in Payson, Utah.

- Advanced Circuits, an electronic components manufacturing company, is a provider of prototype, quick-turn and volume production rigid printed circuit boards. ACI manufactures and delivers custom printed circuit boards to customers primarily in North America. ACI is headquartered in Aurora, Colorado.

- American Furniture is a low cost manufacturer of upholstered furniture sold to major and mid-sized retailers. American Furniture operates in the promotional-to-moderate priced upholstered segment of the furniture industry, which is characterized by affordable prices, fresh designs and fast delivery to the retailers. American Furniture was founded in 1998 and focuses on 3 product categories: (i) stationary, (ii) motion (reclining sofas/loveseats) and (iii) recliners. AFM is headquartered in Ecru, Mississippi and its products are sold in the United States.

- Arnold Magnetics is a leading global manufacturer of engineered magnetic solutions for a wide range of specialty applications and end-markets, including energy, medical, aerospace and defense, consumer electronics, general industrial and automotive. Arnold Magnetics produces high performance permanent magnets (PMAG), flexible magnets (FlexMag) and precision foil products (Precision Thin Metals) that are mission critical in motors, generators, sensors and other systems and components. Based on its long-term relationships, Arnold has built a diverse and blue-chip customer base totaling more than 2,000 clients worldwide. Arnold Magnetics is headquartered in Rochester, New York.

- Tridien is a leading designer and manufacturer of powered and non-powered medical therapeutic support surfaces and patient positioning devices serving the acute care, long-term care and home health care markets. Tridien is headquartered in Coral Springs, Florida and its products are sold primarily in North America.

The tabular information that follows shows data for each of the operating segments reconciled to amounts reflected in the consolidated financial statements. The results of operations of each of the operating segments are included in consolidated operating results as of their date of acquisition.

Segment profit is determined based on internal performance measures used by the Chief Executive Officer to assess the performance of each business. Segment profit excludes certain charges from the acquisitions of the Company's initial businesses not pushed down to the segments which are reflected in the Corporate and other line item. There were no significant inter-segment transactions.

A disaggregation of the Company's consolidated revenue and other financial data for the three and six months ended June 30, 2014 and 2013 is presented below (in thousands):

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Net sales of operating segments	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
CamelBak	$40,879	$34,511	$79,649	$77,266
Ergobaby	19,467	16,420	39,039	32,627
FOX	86,373	70,316	142,481	125,195
Liberty	18,957	31,854	47,852	61,586
ACI	21,286	22,667	42,148	44,431
American Furniture	32,651	22,225	67,491	53,041
Arnold Magnetics	32,767	32,651	63,446	63,024
Tridien	16,704	15,131	33,026	30,172
Total	269,084	245,775	515,132	487,342
Reconciliation of segment revenues to consolidated revenues:				
Corporate and other	—	—	—	—
Total consolidated revenues	$269,084	$245,775	$515,132	$487,342

International Revenues	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
CamelBak	$8,817	$6,740	$19,015	$15,812
Ergobaby	10,588	8,529	21,693	17,680
FOX	47,231	43,868	79,306	79,841
Arnold Magnetics	15,321	15,213	29,588	30,145
	$81,957	$74,350	$149,602	$143,478

Profit (loss) of operating segments(1)	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
CamelBak	$5,829	$3,888	$11,684	$12,826
Ergobaby	4,228	3,250	8,558	5,964
FOX	11,736	10,143	16,483	16,205
Liberty	(2,247)	3,319	(537)	6,176
ACI	5,179	6,323	10,581	12,230
American Furniture	1,017	(221)	2,137	352
Arnold Magnetics	2,636	3,159	4,060	4,769
Tridien	523			