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

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): May 11, 2015

SPECTRUM BRANDS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-34757	27-2166630
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

SB/RH HOLDINGS, LLC
(Exact name of registrant as specified in its charter)

Delaware	333-192634-03	27-2812840
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)

3001 Deming Way
Middleton, Wisconsin 53562
(Address of principal executive offices)

(608) 275-3340
(Registrant’s telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

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

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

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

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

Item 7.01 Regulation FD Disclosure.

As previously announced, on April 28, 2015, Spectrum Brands Holdings, Inc. (together with its consolidated subsidiaries, including SB/RH Holdings, Inc. and Spectrum Brands, Inc., "Spectrum Brands") announced that it had entered into an Agreement and Plan of Merger (the "AAG Merger Agreement") with Armored AutoGroup Parent Inc. ("AAG"), Ignite Merger Sub, Inc., a direct wholly owned subsidiary of Spectrum Brands, Inc., and Avista Capital Partners II GP, LLC, as representative for the shareholders and optionholders of AAG. Under the AAG Merger Agreement, Spectrum Brands will acquire AAG for a purchase price of approximately $1.4 billion (subject to customary adjustments for cash, debt, net working capital and transaction-related expenses described in the AAG Merger Agreement), which will be paid entirely in cash (the "AAG Acquisition").

In connection with the financing of the AAG Acquisition, Spectrum Brands is including in this Current Report on Form 8-K: (i) unaudited condensed consolidated financial statements of Armored AutoGroup Inc. as of March 31, 2015 and December 31, 2014 and for the three-month periods ended March 31, 2015 and March 31, 2014; and (ii) unaudited condensed consolidated financial statements of IDQ Holdings, Inc. as of March 31, 2015 and December 31, 2014 and for the three-month periods ended March 31, 2015 and March 31, 2014 and for the period January 1, 2014 through March 16, 2014 (Predecessor), and for the period March 17, 2014 through March 31, 2014 (Successor). The financial statements of Armored AutoGroup Inc. and IDQ Holdings, Inc. discussed above are attached hereto as Exhibits 99.1 and 99.2, respectively.

As reported in Armored AutoGroup Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "Armored AutoGroup 10-K"), in connection with the preparation of Armored AutoGroup Inc.'s financial statements for the year ended December 31, 2014, certain significant deficiencies in internal control became evident to its management that, in the aggregate, represent a material weakness. None of the deficiencies individually represented a material weakness, and all resulting adjustments, none of which were material, have been reflected in the Armored AutoGroup Inc.'s consolidated financial statements. As reported in Armored AutoGroup Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (the "Armored AutoGroup 10-Q"), the material weakness had not been fully remediated as of March 31, 2015. The Armored AutoGroup 10-K and the Armored AutoGroup 10-K are expressly not incorporated by reference into this Current Report on Form 8-K.

Spectrum Brands was aware of and reviewed these deficiencies as part of its due diligence process and determined that they were not material to Spectrum Brands. Spectrum will continue to evaluate and monitor these deficiencies as it integrates AAG into its control environment following the acquisition.

The information in this Current Report on Form 8-K and the exhibits hereto are hereby incorporated by reference into Spectrum Brands Holdings, Inc.'s Registration Statements on Form S-3 (File No. 333-203919) under the Securities Act of 1933, as amended. Except as previously described in the preceding sentence, or as expressly set forth by specific reference in another document, the information in this Current Report on Form 8-K and the exhibits hereto shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933 (the "Securities Act") or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are being furnished with this Current Report on Form 8-K.

Exhibit No.	Description
15.1	Acknowledgement of Ernst & Young LLP regarding the unaudited condensed consolidated financial information of IDQ Holdings, Inc. as of March 31, 2015 and for the three-month periods ended March 31, 2015 (Successor) and March 31, 2014 and for the period January 1, 2014 through March 16, 2014 (Predecessor), and for the period March 17, 2014 through March 31, 2014 (Successor).
99.1	Unaudited condensed consolidated financial statements of Armored AutoGroup Inc. as of March 31, 2015 and December 31, 2014 and for the three-month periods ended March 31, 2015 and March 31, 2014.
99.2	Unaudited condensed consolidated financial statements of IDQ Holdings, Inc. as of March 31, 2015 and December 31, 2014 and for the three-month period ended March 31, 2015 and for the period January 1, 2014 through March 16, 2014 (Predecessor), and for the period March 17, 2014 through March 31, 2014 (Successor).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

SPECTRUM BRANDS HOLDINGS, INC.

By: /s/ Nathan E. Fagre
Name: Nathan E. Fagre
Title: Secretary and General Counsel

SB/RH HOLDINGS, INC.

By: /s/ Nathan E. Fagre
Name: Nathan E. Fagre
Title: Secretary and General Counsel

Dated: May 11, 2015

Exhibit 15.1

May 11, 2015

The Board of Directors and Stockholder
IDQ Holdings, Inc.

We are aware of the incorporation by reference in the Registration Statement (Form S-3 (No. 333-203919)) of Spectrum Brands Holdings, Inc. of our report dated May 11, 2015 relating to the unaudited condensed consolidated financial information of IDQ Holdings, Inc. for the quarter ended March 31, 2015 (Successor) and for the periods from January 1, 2014 to March 16, 2014 (Predecessor) and March 17, 2014 to March 31, 2014 (Successor) included in this Current Report on Form 8-K.

/s/ Ernst & Young LLP

Stamford, Connecticut
May 11, 2015

Exhibit 99.1

Armored AutoGroup Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash	$ 10,837	$ 13,051
Accounts receivable, net	91,529	67,897
Inventories	36,338	38,591
Receivable from IDQ	88	830
Receivable from Parent	269	—
Other current assets	12,001	10,980
Total current assets	151,062	131,349
Property, plant and equipment, net	24,913	26,245
Goodwill	353,230	356,789
Intangible assets, net	254,735	266,448
Investment in affiliate	10,000	10,000
Deferred financing costs and other assets, net	1,872	2,158
Total assets	$ 795,812	$ 792,989
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 19,857	$ 14,150
Accrued expenses and other current liabilities	38,485	30,531
Due to Parent	—	29
Current portion of long-term debt	3,000	3,000
Total current liabilities	61,342	47,710
Long-term debt, less discount and current portion	541,464	541,469
Other liability	2,500	2,500
Deferred income taxes	71,304	74,420
Total liabilities	676,610	666,099
Commitments and contingencies (Note 4)		
Shareholder's Equity:		
Common stock ($0.01 par value, 1,000 shares authorized, 1,000 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively)	—	—
Additional paid-in capital	260,200	260,200
Accumulated deficit	(115,940)	(116,210)
Accumulated other comprehensive loss	(25,058)	(17,100)
Total shareholder's equity	119,202	126,890
Total liabilities and shareholder's equity	$ 795,812	$ 792,989

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

Armored AutoGroup Inc.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)
(In thousands)

	Three months ended	
	March 31, 2015	March 31, 2014
Net sales	$ 82,441	$ 80,559
Cost of products sold	46,838	41,654
Gross profit	35,603	38,905
Operating expenses:		
Selling and administrative expenses	10,507	11,552
Advertising costs	2,643	5,405
Research and development costs	575	608
Amortization of acquired intangible assets	8,968	9,111
Total operating expenses	22,693	26,676
Operating profit	12,910	12,229
Non-operating expenses:		
Interest expense	11,793	11,949
Other (income) expense, net	205	(421)
Income before income taxes	912	701
Provision for income taxes	642	627
Net income	$ 270	$ 74
Other comprehensive loss:		
Foreign currency translation loss	(7,958)	(1,892)
Comprehensive loss	$ (7,688)	$ (1,818)

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

Armored AutoGroup Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Three months ended March 31, 2015	Three months ended March 31, 2014
Cash flows from operating activities:		
Net income	$ 270	$ 74
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,901	11,919
Share-based compensation	—	27
Deferred income taxes	(3,116)	(3,098)
Other	66	2
Cash effect of changes in:		
Accounts receivable, net	(23,698)	(18,730)
Inventories	2,253	(2,586)
Prepaid taxes	—	2,830
Other current assets	(1,131)	(451)
Accounts payable and accrued liabilities	13,661	21,936
Due from IDQ	742	—
Other	(1,489)	102
Net cash (used in) provided by operating activities	(541)	12,025
Cash flows from investing activities:		
Capital expenditures	(545)	(328)
Investment in affiliate	—	(10,000)
Net cash used in investing activities	(545)	(10,328)
Cash flows from financing activities:		
Principal payments on term loan	(750)	(9,750)
Payment on advance from Parent	—	(50)
Net cash used in financing activities	(750)	(9,800)
Effect of exchange rate changes on cash	(378)	32
Net decrease in cash	(2,214)	(8,071)
Cash at beginning of period	13,051	21,253
Cash at end of period	$ 10,837	$ 13,182
Supplemental cash flow disclosures:		
Cash paid for interest	$ 4,259	$ 4,695
Cash paid for income taxes	$ 4,141	$ 555

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

Note 1 — The Company and Summary of Significant Accounting Policies

The Company

Armored AutoGroup Inc. is a consumer products company consisting primarily of Armor All® and STP®, two of the most recognizable brands in the automotive aftermarket appearance products and performance chemicals categories, respectively. Armored AutoGroup delivers its products to distributors, resellers and end customers (collectively the customers) through its direct operations in the United States, Canada, Mexico, Australia, China and the United Kingdom and distributor relationships in approximately 50 countries. The Armor All and STP brands offer multiple automotive appearance and performance chemical products that can be found in most of the major developed countries around the world.

In September 2010, Viking Acquisition Inc., an entity owned by affiliates of Avista Capital Holdings, L.P. ("Avista"), entered into an agreement to acquire the AutoCare Products Business, Armor All, STP and certain other brands from The Clorox Company ("Clorox") pursuant to the terms of a Purchase and Sale Agreement dated September 21, 2010 (the "Acquisition"). The Acquisition closed on November 5, 2010 and included employees in the United States and other countries dedicated to the Company, related product patent and developed technology and certain other assets, including the manufacturing facilities located in Painesville, Ohio and Wales, U.K. Viking Acquisition Inc. was subsequently renamed Armored AutoGroup Inc. ("AAG"). Armored AutoGroup Parent Inc. ("AAG Parent" or "Parent") indirectly owns all of AAG's issued and outstanding capital stock through its direct subsidiary and AAG's direct parent, Armored AutoGroup Intermediate Inc. ("Intermediate").

Basis of Presentation

The interim condensed consolidated financial statements for the three month periods ended March 31, 2015 and 2014 are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the consolidated results of operations, financial position and cash flows of the Company for the periods presented. The preparation of these financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ materially from the estimates and assumptions made. Further, the results for the interim period ended March 31, 2015 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2015, or for any future period.

The Company's business is moderately seasonal and can be impacted by weather. Sales are typically higher in the first half of the calendar year as the Company's customers in the northern hemisphere purchase inventory for the spring and summer seasons when weather is warmer than in the fall and winter months. This pattern is largely reflective of our customers' seasonal purchasing patterns, as well as the timing of our promotional activities. Weather can also influence consumer behavior, especially for appearance products. Our appearance products sell best during warm, dry weather, and less strongly if weather is cold and wet. For these reasons, among others, the Company's results for any quarter are not necessarily indicative of future quarterly results and, accordingly, period-to-period comparisons should not be relied upon as an indication of future performance.

Certain information and disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted or condensed pursuant to the rules and regulations of the SEC. The information in this report should be read in conjunction with the Company's Annual Report on Form 10-K filed with the SEC for the fiscal year ended December 31, 2014, which includes a complete set of footnote disclosures, including the Company's significant accounting policies. The consolidated balance sheet at December 31, 2014 has been derived from the Company's audited financial statements at that date, but does not include all of the financial information or disclosures required by U.S. GAAP for complete financial statements.

Revenue Recognition

Sales are recognized when title to the product, ownership and risk of loss transfer to the customer, which can be on the date of shipment or the date of receipt by the customer and when all of the following have occurred: a firm sales arrangement exists, pricing is fixed and determinable, and collection is reasonably assured. Revenue includes shipping and handling costs, which generally are included in the list price to the customer. Taxes collected from customers and remitted to governmental authorities are not included in sales. A provision for payment discounts and product return allowances is recorded as a reduction of sales in the same period that the revenue is recognized.

The Company routinely commits to on-going and one-time trade promotion programs with customers, consisting primarily of customer pricing allowances, merchandising funds and consumer coupons offered through various programs to customers and consumers. Accruals for expected payouts under these programs are included as accrued marketing and promotion in the accrued expenses and other current liabilities line item in the Condensed Consolidated Balance Sheets and are recorded as a reduction of sales in the Condensed Statements of Comprehensive Loss.

Amounts received by the Company from the licensing of certain trademarks are recorded as deferred revenue in the Condensed Consolidated Balance Sheets and are recognized as revenue on a straight-line basis over the term of the licensing agreement when the underlying royalties are earned.

Cost of Products Sold

Cost of products sold is primarily comprised of direct materials and supplies consumed in the manufacturing of product, as well as manufacturing labor, depreciation expense, direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product, contract manufacturing costs, and provisions for inventory losses (including losses relating to excess and obsolete inventory). Cost of products sold also includes the cost to distribute products to customers, inbound freight costs, internal transfer costs, warehousing costs and other shipping and handling activity, as well as costs associated with developing and designing new packaging.

Income Taxes

The Company uses the asset and liability method to account for income taxes. For purposes of the unaudited interim condensed consolidated financial statements, the Company calculates tax with reference to the anticipated effective tax rate for the annual financial period. Deferred tax assets and liabilities are recognized for the anticipated future tax consequences attributable to the differences between the financial statement amounts and their respective tax bases. Management reviews the Company’s deferred tax assets to determine whether their value can be realized based upon available evidence. A valuation allowance is established when management believes that it is more likely than not that some portion or all of its deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the Company’s tax provision in the period of change. In addition to valuation allowances, the Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards prescribed by accounting guidance on the accounting for uncertainty in income taxes. Amounts for uncertain tax positions are adjusted when new information becomes available or when positions are effectively settled.

None of the Company’s goodwill is expected to be deductible for income tax purposes.

The Company files a consolidated federal and certain state income tax returns with its Parent. Income taxes have been prepared on a separate return basis. The Company pays its tax liability on behalf of its Parent.

Foreign Currency Translation

Local currencies are the functional currencies for substantially all of the Company’s foreign operations, with the exception of the Company’s United Kingdom (“U.K.”) operation, whose functional currency is the U.S. dollar, during 2014 and prior. Subsequently, in early 2015 the Company’s U.K. entity switched their functional currency from the U.S. dollar to the British Pound sterling. An entity’s functional currency is the currency of the primary economic environment in which the entity operates. Management determined in early 2015 that due to a change in the manner in which the U.K. entity operates, that a switch in the functional currency to the British Pound sterling from the U.S. dollar was necessary.

When the transactional currency is different than the functional currency, transaction gains and losses are included as a component of other (income) expense, net. Assets and liabilities of foreign operations are translated into U.S. dollars using the exchange rates in effect at the respective balance sheet reporting date. Income and expenses are translated at the average exchange rate during the period. Gains and losses on foreign currency translation are reported as a component of accumulated other comprehensive (loss) income. Deferred taxes are not provided on cumulative translation adjustments where the Company expects earnings of a foreign subsidiary to be indefinitely reinvested.

Finite Lived Intangible Assets

Amortization of intangible assets with finite lives (customer relationships and licensing arrangements) is recognized over estimated useful lives ranging from 5 to 10 years, which the Company believes reasonably represents the time period in which the economic benefits of the intangible assets are consumed or otherwise realized. The Company has experienced a negligible attrition rate in its customer base, and is not able to identify a reliable pattern of attrition and, as such, is utilizing the straight line amortization method to amortize customer relationship intangible assets. Finite lived intangible assets are reviewed for possible impairment whenever events or changes in circumstances occur that indicate that the carrying amount of an asset may not be recoverable. There have been no instances of impairment identified.

Indefinite Lived Intangible Assets

The Company tests its trademarks and brand names with indefinite lives for impairment annually on the first day of the fourth quarter unless there are indications during an interim period that these assets are more likely than not to have become impaired. For trademarks and brand names with indefinite lives, impairment occurs when the carrying amount of an asset is greater than its estimated fair value. An impairment charge is recorded for the difference between the carrying amount and the fair value. The Company uses an income approach, the relief from royalty method, to estimate the fair value of its trademarks and trade names with indefinite lives. This method assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. The determination of the fair values of trademarks and brand name assets with indefinite lives requires significant judgments in determining both the assets' estimated cash flows as well as the appropriate discount and royalty rates applied to those cash flows to determine fair value. Changes in such estimates or the application of alternative assumptions could produce different results.

Goodwill

The Company tests its goodwill for impairment annually as of the first day of the fourth quarter unless there are indications during an interim period that these assets are more likely than not to have become impaired. The first step of the goodwill impairment test is to compare the fair value of each reporting unit to its carrying amount to determine if there is potential impairment. If the fair value of the reporting unit is less than its carrying value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss.

The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination at the date of the evaluation and the fair value was the purchase price paid to acquire the reporting unit.

The Company estimates the fair value of reporting units using a weighting of fair values derived from an income approach and a market approach. Determining the fair value of a reporting unit under the first step of the goodwill impairment test and determining the fair value of individual assets and liabilities of a reporting unit (including unrecognized intangible assets) under the second step of the goodwill impairment test is inherently subjective in nature and often involves the use of significant estimates and assumptions based on known facts and circumstances at the time the Company performs the valuation. The use of different assumptions, inputs and judgments or changes in circumstances could materially affect the results of the valuation and could have a significant impact on whether or not an impairment charge is recognized and the magnitude of any such charge.

Income approach—To determine fair value, the Company uses a DCF approach for each of the reporting units. Under this approach, the Company estimates the future cash flows of each reporting unit and discounts these cash flows at a rate of return that reflects their relative risk. The cash flows used in the DCF are consistent with the Company's long range forecasts, and give consideration to historic and projected long term business trends and strategies. The other key estimates and factors used in the DCF include, but are not limited to, discount rates, future sales volumes, revenue and expense growth rates, changes in working capital, capital expenditure forecasts, foreign exchange rates, currency devaluation, inflation, and a perpetuity growth rate.

Market approach—The Company uses the guideline public company method to select reasonably similar/guideline publicly traded companies for each of the Company's reporting units. Using the guideline public company method, the Company calculates earnings before interest, taxes, depreciation and amortization ("EBITDA") multiples for each of the public companies using both historical and forecasted EBITDA figures. By applying these multiples to the appropriate historical and forecasted EBITDA figures for each reporting unit, fair value estimates are calculated.

During the three months ended March 31, 2015, goodwill decreased by $3.6 million due to currency translation.

Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU No. 2015-03 — Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability to which they relate, consistent with debt discounts, as opposed to being presented as assets. The ASU is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2015 and requires retrospective application. The adoption of this update on January 1, 2016 is not expected to have a material impact on our consolidated financial statements. As of March 31, 2015 and December 31, 2014, the unamortized deferred financing costs recorded on the Company's balance sheets were $3.2 million and $3.6 million, respectively.

In February 2015, the FASB issued ASU 2015-02, "Consolidation (Topic 10): Amendments to the Consolidation Analysis" ("ASU 2015-02"). The ASU provides guidance on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. In accordance with ASU 2015-02, all legal entities are subject to reevaluation under the revised consolidation model. ASU 2015-02 will be effective for the Company in its first quarter of fiscal 2016. The Company is currently evaluating the impact of the pending adoption of the ASU on its consolidated financial statements.

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 ASU requires management to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are issued and, if so, to disclose that fact. The ASU requires management to make this evaluation for both the annual and interim reporting periods, if applicable. Management is also required to evaluate and disclose whether its plans alleviate that doubt. The ASU is effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016.

In May 2014, the FASB issued ASU No. 2014-09—Revenue from Contracts with Customers. The ASU clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP and International Financial Reporting Standards (''IFRS'') that removes inconsistencies and weaknesses in revenue requirements, provides a more robust framework for addressing revenue issues, improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, provides more useful information to users of the financial statements through improved disclosure requirements and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The amendments in this update are effective for the annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Full or modified retrospective adoption is required and early application is not permitted. The Company is assessing the impact of the adoption of the ASU on its financial statements, disclosure requirements and methods of adoption.

On April 1, 2015, the FASB proposed a one-year deferral of the effective date for its new revenue standard for public and nonpublic entities reporting under U.S. GAAP. Under the proposal, the standard would be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. The proposal also would permit a public entity to adopt the standard as early as the original public entity effective date (i.e., annual reporting periods beginning after December 15, 2016 and interim periods therein). Early adoption prior to that date would not be permitted. The FASB has issued an exposure draft on the proposal and expects to seek public comment with a 30-day comment period.

Note 2 — Inventories

Inventories consisted of the following (in thousands):

	March 31, 2015 (Unaudited)	December 31, 2014
Finished goods	$ 29,435	$ 31,628
Raw materials and packaging	8,392	9,102
Allowances for obsolescence	(1,489)	(2,139)
	$ 36,338	$ 38,591

Note 3 - Fair Value Measurement of Assets and Liabilities

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value which is intended to increase consistency and comparability and related disclosures. An asset or liability's classification is based on the lowest level of input that is significant to the fair value measurement and is disclosed in one of the following three categories:

Level 1—Quoted market prices in active markets for identical assets or liabilities.

Level 2—Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3—Unobservable inputs reflecting the reporting entity's own assumptions.

The Company's financial instruments consist of cash, trade accounts receivable, trade accounts payable and long-term debt. Due to their short-term maturity, the carrying amounts of cash, trade accounts receivable and trade accounts payable approximate their fair market values. The carrying and fair values of the Company's long-term debt were as follows (in thousands):

	March 31, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(Unaudited)	(Unaudited)		
Term loan	$275,273	$278,250	$275,611	$278,303
Senior notes	269,191	279,125	268,858	273,625

The fair value of the Term Loan and the Senior Notes was determined using broker quotes (Level 2). The broker quotes are determined on an anlaysis of discounted cash flows together with applicable forward LIBOR rates.

Note 4 — Commitments and Contingencies

Litigation and Other Legal Matters

The Company is subject to various lawsuits and claims relating to issues such as contract disputes, product liability, patents and trademarks, advertising, employee and other matters. Although the results of claims and litigation cannot be predicted with certainty, it is the opinion of management that the ultimate disposition of these matters will not have a material adverse effect, individually or in the aggregate, on the Company's financial position or results of operations.

In connection with the Acquisition, Clorox retained liability associated with a potential contract claim and the Company has agreed to indemnify and reimburse Clorox for 50% of the first $5.0 million in costs related to the contract claim. As of March 31, 2015 and December 31, 2014, the Company has accrued $2.5 million in long-term liabilities related to this contingency.

Note 5 — Income taxes

The Company's effective tax rate was as follows:

	Three months ended	
	March 31, 2015	March 31, 2014
	(Unaudited)	(Unaudited)
Effective tax rate	70.4%	89.4%

The Company's effective tax rate for the three month period ended March 31, 2015 differs from the statutory tax rate, primarily due to U.S. federal manufacturing benefits recognized and state income taxes. Further, the Company's effective tax rate has decreased for the three month period ended March 31, 2015, as compared to the corresponding period in 2014 primarily as a result of a decrease from the discrete tax charge of $0.4 million recorded during the three month period ended March 31, 2014. The discrete tax charge was primarily the result of an increase in the uncertain tax positions recorded by Clorox, for which the Company has recorded a corresponding benefit in income from operations due to the indemnification agreement between the entities.

Note 6 — Segment Data

The Company manages its business through two geographic segments: North America and International.

- *North America*—consists of auto-care products marketed and sold in the United States and Canada. Products within this segment include auto-care products primarily under the Armor All and STP brands.
- *International*—consists of products sold outside North America, including Australia, Europe and other international locations. Products within this segment include auto-care products primarily under the Armor All and STP brands.

The Company does not allocate its amortization of intangible assets or interest expense between its North America and International segments but includes them in the tables below under Corporate in order to reconcile the North America and International segments' performance to the Company's Condensed Consolidated Statements of Comprehensive Loss. All intersegment sales are eliminated and are not included in the Company's reportable segments' net sales.

The following summarizes the financial performance of the Company's operating segments (in thousands):

	Three Months Ended March 31, 2015 (Unaudited)			
	North America	International	Corporate	Consolidated
Net sales	$66,383	$ 16,058	$ —	$ 82,441
Earnings (loss) before income taxes	20,216	1,457	(20,761)	912
Capital expenditures	478	67	—	545
Depreciation of property, plant and equipment and amortization of intangible assets	1,664	121	8,969	10,754
Share based compensation	—	—	—	—

	Three Months Ended March 31, 2014 (Unaudited)			
	North America	International	Corporate	Consolidated
Net sales	$61,567	$ 18,992	$ —	$ 80,559
Earnings (loss) before income taxes	18,758	3,003	(21,060)	701
Capital expenditures	276	52	—	328
Depreciation of property plant and equipment and amortization of intangible assets	1,577	122	9,111	10,810
Share based compensation	24	3	—	27

Note 7 — Financial Information for the Company and Its Subsidiaries

The Company's payment obligations under the Senior Notes are guaranteed, jointly and severally, by all of the Company's wholly owned domestic subsidiaries which guarantee the obligations of the Company under the Credit Facility. These guarantees are full and unconditional, subject, in the case of the subsidiary guarantors, to customary release provisions. The Company conducts substantially all of its business through its subsidiaries. In servicing payments to be made on the Senior Notes and other indebtedness, and to satisfy other liquidity requirements, the Company will rely, in large part, on cash flows from these subsidiaries, mainly in the form of dividends, royalties and advances or payments on account of intercompany loan arrangements. The ability of these subsidiaries to make dividend payments to the Company will be affected by, among other factors, the obligations of these entities to their creditors, requirements of corporate and other law, and restrictions contained in agreements entered into by or relating to these entities.

The following supplemental condensed consolidating financial information sets forth balance sheets, statements of comprehensive (loss) income and statements of cash flows for the Company, the guarantor subsidiaries, the non-guarantor subsidiaries and elimination entries necessary to consolidate the Company and its subsidiaries. This information is presented in lieu of separate financial statements and other related disclosures pursuant to Regulation S-X Rule 3-10 of the Securities Exchange Act of 1934, as amended, "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered."

The operating and investing activities of the separate legal entities are fully interdependent and integrated. Accordingly, the results of the separate legal entities are not representative of what the operating results would be on a standalone basis.

Condensed Consolidating Balance Sheet (Unaudited)
March 31, 2015

	Issuer	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash	$ 4,515	$ —	$ 6,322	$ —	$ 10,837
Accounts receivable, net	—	74,583	16,946	—	91,529
Inventories	—	26,459	9,879	—	36,338
Due from Parent	269	—	—	—	269
Due from IDQ	88	—	—	—	88
Other current assets	84,211	(74,644)	2,434	—	12,001
Total current assets	89,083	26,398	35,581	—	151,062
Property, plant and equipment, net	6,607	16,295	2,011	—	24,913
Goodwill	—	310,576	42,654	—	353,230
Intangible assets, net	—	231,734	26,043	(3,042)	254,735
Investment in subsidiaries	581,808	95,268	—	(677,076)	—
Investment in affiliate	10,000	—	—	—	10,000
Deferred financing costs and other assets, net	1,787	85	—	—	1,872
Total assets	$689,285	$ 680,356	$ 106,289	$ (680,118)	$ 795,812
LIABILITIES AND SHAREHOLDER'S EQUITY					
Current liabilities:					
Accounts payable	$ 488	$ 15,607	$ 3,762	$ —	$ 19,857
Accrued expenses and other current liabilities	23,628	7,661	7,196	—	38,485
Current portion of long-term debt	3,000	—	—	—	3,000
Total current liabilities	27,116	23,268	10,958	—	61,342
Long-term debt, less discount and current portion	541,464	—	—	—	541,464
Other liability	2,500	—	—	—	2,500
Deferred income taxes	(4,039)	75,280	63	—	71,304
Total liabilities	567,041	98,548	11,021	—	676,610
Shareholder's equity	122,244	581,808	95,268	(680,118)	119,202
Total liabilities and shareholder's equity	$689,285	$ 680,356	$ 106,289	$ (680,118)	$ 795,812

Condensed Consolidating Balance Sheet
December 31, 2014

	Issuer	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash	$ 7,396	$ —	$ 5,655	$ —	$ 13,051
Accounts receivable	—	51,565	16,332	—	67,897
Inventory	—	29,320	9,271	—	38,591
Due from IDQ	830	—	—	—	830
Other current assets	84,235	(75,081)	1,826	—	10,980
Total current assets	92,461	5,804	33,084	—	131,349
Property, plant and equipment	6,949	17,039	2,257	—	26,245
Goodwill	—	310,576	46,213	—	356,789
Intangible assets net	—	239,279	29,517	(2,348)	266,448
Investment in subsidiaries	583,849	101,430	—	(685,279)	—
Investment in affiliates	10,000	—	—	—	10,000
Deferred financing costs and other assets, net	2,070	88	—	—	2,158
Total assets	$695,329	$ 674,216	$ 111,071	$ (687,627)	$ 792,989
LIABILITIES AND SHAREHOLDER’S EQUITY					
Current liabilities:					
Accounts payable	$ 296	$ 11,590	$ 2,264	$ —	$ 14,150
Accrued expenses and other current liabilities	19,340	3,861	7,330	—	30,531
Due to Parent	29	—	—	—	29
Current portion of long-term debt	3,000	—	—	—	3,000
Total current liabilities	22,665	15,451	9,594	—	47,710
Long term debt, less discount and current portion	541,469	—	—	—	541,469
Other liabilities	2,500	—	—	—	2,500
Deferred income taxes	(543)	74,916	47	—	74,420
Total liabilities	566,091	90,367	9,641	—	666,099
Shareholder’s equity	129,238	583,849	101,430	(687,627)	126,890
Total liabilities and shareholder’s equity	$695,329	$ 674,216	$ 111,071	$ (687,627)	$ 792,989

Condensed Consolidating Statement of Comprehensive (Loss) Income (Unaudited)
Three months ended March 31, 2015

	Issuer	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 72,314	$ 17,230	$ (7,103)	$ 82,441
Cost of products sold	—	40,937	13,004	(7,103)	46,838
Gross profit	—	31,377	4,226	—	35,603
Operating expenses:					
Selling and administrative expenses	5,059	2,623	2,825	—	10,507
Advertising costs	—	1,587	1,056	—	2,643
Research and development costs	—	571	4	—	575
Amortization of acquired intangible assets	—	7,545	1,423	—	8,968
Total operating expenses	5,059	12,326	5,308	—	22,693
Operating (loss) profit	(5,059)	19,051	(1,082)	—	12,910
Non-operating expenses:					
Interest expense	11,790	—	3	—	11,793
Other expense, net	(67)	139	133	—	205
(Loss) earnings before provision for income taxes	(16,782)	18,912	(1,218)	—	912
Provision for income taxes	335	3	304	—	642
Equity earnings (loss) of subsidiaries, net of taxes	17,387	(1,522)	—	(15,865)	—
Net earnings (loss)	$ 270	$ 17,387	$ (1,522)	$ (15,865)	$ 270
Other comprehensive loss:					
Foreign currency translation	(7,958)	(7,958)	(7,958)	15,916	(7,958)
Comprehensive loss (income)	$ (7,688)	$ 9,429	$ (9,480)	$ 51	$ (7,688)

Condensed Consolidating Statement of Comprehensive (Loss) Income (Unaudited)
Three months ended March 31, 2014

	Issuer	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ —	$ 66,428	$ 20,359	$ (6,228)	$ 80,559
Cost of products sold	—	33,765	14,117	(6,228)	41,654
Gross profit	—	32,663	6,242	—	38,905
Operating expenses:					
Selling and administrative expenses	5,729	2,941	2,882	—	11,552
Advertising costs	—	3,924	1,481	—	5,405
Research and development costs	—	608	—	—	608
Amortization of acquired intangible assets	—	7,545	1,566	—	9,111
Total operating expenses	5,729	15,018	5,929	—	26,676
Operating (loss) profit	(5,729)	17,645	313	—	12,229
Non-operating expenses:					
Interest expense	11,949	—	—	—	11,949
Other expense, net	(425)	—	4	—	(421)
(Loss) earnings before (benefit) provision for income taxes	(17,253)	17,645	309	—	701
Benefit (provision) for income taxes	6,406	(6,775)	(258)	—	(627)
Equity earnings (loss) of subsidiaries, net of taxes	10,921	51	—	(10,972)	—
Net earnings (loss)	$ 74	$ 10,921	$ 51	$ (10,972)	$ 74
Other comprehensive (loss) income:					
Foreign currency translation	(1,892)	(1,892)	(1,892)	3,784	(1,892)
Comprehensive (loss) income	$ (1,818)	$ 9,029	$ (1,841)	$ (7,188)	$ (1,818)

Condensed Consolidating Statement of Cash Flows (Unaudited)
Three months ended March 31, 2015

	Issuer	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net earnings (loss)	$ 270	$ 17,387	$ (1,522)	$ (15,865)	$ 270
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,622	8,628	1,651	—	11,901
Deferred income taxes	(3,496)	364	16	—	(3,116)
Equity earnings of subsidiaries, net of taxes	(17,387)	1,522	—	15,865	—
Other	—	28	38	—	66
Cash effect of changes in:					
Accounts receivable, net	—	(23,046)	(652)	—	(23,698)
Inventories	—	2,861	(608)	—	2,253
Other current assets	(85)	(437)	(609)	—	(1,131)
Due from/(to) IDQ	742	—	—	—	742
Accounts payable and accrued liabilities	4,479	7,820	1,362	—	13,661
Intercompany and other	11,863	(14,788)	1,436	—	(1,489)
Net cash provided by (used in) operating activities:	(1,992)	339	1,112	—	(541)
Cash flows from investing activities:					
Capital expenditures	(139)	(339)	(67)	—	(545)
Acquisition, net	—	—	—	—	—
Net cash used in investing activities	(139)	(339)	(67)	—	(545)
Cash flows from financing activities:					
Principal payments on term loan	(750)	—	—	—	(750)
Payment of advance from Parent	—	—	—	—	—
Net cash used in by financing activities	(750)	—	—	—	(750)
Effect of exchange rate changes on cash	—	—	(378)	—	(378)
Net increase in cash	(2,881)	—	667	—	(2,214)
Cash at beginning of period	7,396	—	5,655	—	13,051
Cash at end of period	$ 4,515	$ —	$ 6,322	$ —	$ 10,837

Condensed Consolidating Statement of Cash Flows (Unaudited)
Three months ended March 31, 2014

	Issuer	Combined Guarantor Subsidiaries	Combined Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net earnings (loss)	$ 74	$ 10,921	$ 51	$ (10,972)	$ 74
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:					
Depreciation and amortization	1,550	8,577	1,792	—	11,919
Share-based compensation	27	—	—	—	27
Deferred income taxes	(16)	(3,060)	(22)	—	(3,098)
Equity earnings of subsidiaries, net of taxes	(10,921)	(51)	—	10,972	—
Other	—	—	2	—	2
Cash effect of changes in:					
Accounts receivable	72	(18,215)	(587)	—	(18,730)
Inventories	—	(2,163)	(423)	—	(2,586)
Prepaid taxes	(6,432)	9,262		—	2,830
Other current assets	(216)	34	(269)	—	(451)
Accounts payable and accrued liabilities	7,537	13,171	1,228	—	21,936
Intercompany and other	18,277	(18,406)	231	—	102
Net cash provided by operating activities	9,952	70	2,003	—	12,025
Cash flows from investing activities:					
Capital expenditures	(206)	(70)	(52)	—	(328)
Acquisition, net	(10,000)	—	—	—	(10,000)
Net cash used in investing activities	(10,206)	(70)	(52)	—	(10,328)
Cash flows from financing activities:					
Principal payments on term loan	(9,750)				(9,750)
Prin Payment of advance from Parent	(50)	—	—	—	(50)
Net cash provided by financing activities	(9,800)	—	—	—	(9,800)
Effect of exchange rate on cash	—	—	32	—	32
Net increase (decrease) in cash	(10,054)	—	1,983	—	(8,071)
Cash at beginning of period	14,843	—	6,410	—	21,253
Cash at end of period	$ 4,789	$ —	$ 8,393	$ —	$ 13,182

Note 8 — Investment in Affiliate and Related Party Transactions

On March 17, 2014, the Company paid $10.0 million to acquire a non-controlling equity interest in IDQ Acquisition Corp. (“IDQ”) and also paid $1.2 million in transaction fees and closing costs. The investment is accounted for under the cost method of accounting. The transaction fees and closing costs included $0.3 million paid to a board member for services rendered in connection with the transaction. The transaction fees and closing costs are reported in selling and administrative expenses on the Consolidated Statements of Comprehensive Loss. On the same date, Parent acquired a controlling equity interest in IDQ. In connection with the investment, the Company entered into a Shared Services Agreement with IDQ and Parent pursuant to which certain services are provided by one party to another, as agreed by the Company and IDQ, with the purpose of utilizing the assets and operations of each company to increase sales and lower the combined costs for the mutual benefit of both IDQ and the Company. During the three months ended March 31, 2015, the Company charged IDQ $2.2 million for shared services while IDQ charged the Company $2.1 million, principally relating to the selling, general and administrative costs and which is reflected on a net basis in selling, general and administrative expense in the Company’s consolidated statements of comprehensive loss.

During the three month period ended March 31, 2015, the Company made payments of approximately $0.4 million in management fees to Avista Capital Holdings, L.P. for their consulting, advisory and monitoring services to the Company.

Note 9 — Subsequent Events

On April 28, 2015, AAG Parent entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Spectrum Brands Holdings, Inc. (“Spectrum Brands Holdings”), Ignite Merger Sub, Inc. (“Ignite”), a direct wholly owned subsidiary of Spectrum Brands, Inc., and Avista Capital Partners II GP, LLC, as representative of the stockholders and the optionholders of AAG Parent. Under the Merger Agreement, Ignite will be merged with and into AAG Parent and AAG Parent will continue as the surviving corporation. The merger consideration is approximately $1.4 billion (subject to customary adjustments for cash, debt, net working capital and transaction-related expenses described in the Merger Agreement), which will be paid entirely in cash. The obligations of the parties to complete the merger are subject to various customary closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and, in the case of Spectrum Brands Holdings’ obligation to complete the acquisition, the accuracy of representations and warranties, material compliance by the AAG Parent with certain preclosing covenants and no material adverse change in AAG Parent since the date of the Merger Agreement. The Merger Agreement may be terminated by mutual consent of AAG Parent and Spectrum Brands Holdings and under certain other circumstances, including by AAG Parent or Spectrum Brands Holdings if the closing of the merger has not occurred by June 30, 2015. The total amount of unrecognized compensation expense for the Company’s employees under the 2010 AAG Parent Option Plan is approximately $2.9 million. This expense is expected to be recorded upon closing of the merger during the second quarter of our fiscal 2015.

The Company has evaluated events from the balance sheet date through May 11, 2015, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.

Review Report of Independent Auditors

The Board of Directors and Stockholder
IDQ Holdings, Inc.

We have reviewed the condensed consolidated financial information of IDQ Holdings, Inc. and subsidiary (the “Company”), which comprise the condensed consolidated balance sheet as of March 31, 2015, and the related condensed consolidated statements of comprehensive income (loss) and cash flows for the three-month period ended March 31, 2015 (Successor) and for the period from January 1, 2014 to March 16, 2014 (Predecessor) and the period from March 17, 2014 to March 31, 2014 (Successor).

Management’s Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of the condensed financial information in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in conformity with U.S. generally accepted accounting principles.

Auditor’s Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial information referred to above for it to be in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Stamford, Connecticut
May 11, 2015

IDQ HOLDINGS, INC. AND SUBSIDIARY

Condensed Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014

	March 31, 2015 (Unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 27,549	$ 30,733
Restricted cash	526	526
Accounts receivable, net	25,344	1,948
Inventories, net	24,446	24,714
Deferred income taxes	730	730
Prepaid expenses and other current assets	925	511
Due from Armored AutoGroup Parent, Inc.	162	167
Total current assets	79,682	59,328
Property and equipment, net	4,942	4,763
Goodwill	162,787	163,106
Intangible assets, net	211,875	215,241
Other assets	100	99
Net due from IDQ Acquisition Corp.	125,757	125,758
Total assets	$ 585,143	$ 568,296
Liabilities and Stockholder's Equity		
Current liabilities:		
Accrued interest on notes payable	$ 12,650	$ 6,325
Accounts payable	8,262	2,129
Accrued expenses	14,438	9,332
Due to Armored AutoGroup Inc.	88	830
Total current liabilities	35,438	18,616
Notes payable	223,052	223,390
Other liabilities	1,771	1,661
Deferred income taxes	65,014	65,210
Total liabilities	325,275	308,877
Commitments and contingencies	—	—
Stockholder's equity:		
Common stock, $0.01 par value authorized 1,000 shares; issued and outstanding 100 shares at March 31, 2015 and December 31, 2014	—	—
Additional paid-in capital	266,073	266,393
Accumulated deficit	(6,205)	(6,974)
Total stockholder's equity	259,868	259,419
Total liabilities and stockholder's equity	$ 585,143	$ 568,296

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

IDQ HOLDINGS, INC. AND SUBSIDIARY

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)
For the three months ended March 31, 2015, the period March 17, 2014
through March 31, 2014 and the period January 1, 2014 through March 16, 2014
(In thousands)

	Successor		Predecessor
	Three months ended March 31, 2015	Period March 17, 2014 through March 31, 2014	Period January 1, 2014 through March 16, 2014
Gross sales	$ 40,957	$ 6,292	$ 36,912
Sales discounts, returns and allowances	(3,598)	(584)	(3,594)
Net sales	37,359	5,708	33,318
Cost of goods sold	(21,637)	(3,455)	(18,465)
Gross profit	15,722	2,253	14,853
Operating expenses:			
Selling	1,828	322	1,657
General and administrative	2,818	397	6,611
Depreciation and amortization	3,445	575	2,023
Total operating expenses	8,091	1,294	10,291
Operating profit	7,631	959	4,562
Other expense:			
Other expense, net	200	77	213
Interest expense	6,058	994	4,618
Income (loss) before income taxes	1,373	(112)	(269)
Provision (benefit) for income taxes	604	(40)	6
Net income (loss) and comprehensive income (loss)	$ 769	$ (72)	$ (275)

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

IDQ HOLDINGS, INC. AND SUBSIDIARY
Condensed Consolidated Statements of Cash Flows (Unaudited)
For the three months ended March 31, 2015, the period March 17, 2014 through
March 31, 2014 and the period January 1, 2014 through March 16, 2014
(In thousands)

	Successor		Predecessor
	Three months ended March 31, 2015	Period March 17, 2014 through March 31, 2014	Period January 1, 2014 through March 16, 2014
Cash flows from operating activities:			
Net income (loss)	$ 769	$ (72)	$ (275)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:			
Depreciation and amortization	310	42	205
Lease termination costs	105	—	—
Deferred income taxes	(196)	(219)	(800)
Amortization of intangibles	3,366	561	1,955
Amortization of premium on notes payable	(338)	(50)	(734)
Changes in operating assets and liabilities:			
Accounts receivable	(23,396)	179	(17,628)
Inventories	267	(1,811)	2,358
Prepaid expenses and other current assets	(414)	(428)	800
Due from Armored AutoGroup Parent, Inc.	5	—	—
Net due from IDQ Acquisition Corp.	1	—	2,535
Accrued interest on notes payable	6,325	1,020	5,305
Accounts payable	6,133	3,739	2,281
Accrued expenses	4,344	(5,693)	10,098
Income taxes payable	762	179	(2,195)
Net due to Armored AutoGroup, Inc.	(742)	—	—
Other liabilities	5	4	145
Net cash (used in) provided by operating activities	(2,694)	(2,549)	4,050
Cash flows used in investing activities:			
Capital expenditures	(505)	(14)	(297)
Proceeds from sale of fixed assets	15	—	—
Net cash used in investing activities	(490)	(14)	(297)
Cash flows used in financing activities:			
Payment of financing costs	—	—	(638)
Cash dividends paid	—	(2,664)	(3,150)
Net cash used in financing activities	—	(2,664)	(3,788)
Net decrease in cash and cash equivalents	(3,184)	(5,227)	(35)
Cash and cash equivalents at beginning of period	30,733	28,487	28,522
Cash and cash equivalents at end of period	$ 27,549	$ 23,260	$ 28,487
Supplemental cash flow information:			
Cash paid during the period for:			
Interest	$ 91	$ 31	$ 79
Income taxes	38	—	307
Noncash transaction:			
Dividends payable to IDQ Acquisition Corp.	$ —	$ —	$ 2,664
Adjustment related to pushdown accounting for March 17, 2014 acquisition:			
Goodwill	$ (319)	$ —	$ —
Additional paid-in capital	319	—	—

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

(1) Description of Business and Summary of Significant Accounting Policies

(a) ***Description of Business***

IDQ Holdings, Inc. ("the Company") is a wholly owned subsidiary of IDQ Acquisition Corp. (AcqCorp). IDQ Holdings, Inc. (Holdings) was incorporated in the State of Delaware in January 2002 and commenced operations in March of that year through its wholly owned subsidiary, IDQ Operating, Inc. (Operating, and together with Holdings, the Company). Operating was incorporated in the State of New York in 1970, and operated as Interdynamics, Inc. until a name change in 2008.

On March 17, 2014, pursuant to a stock purchase agreement, Armored AutoGroup Parent, Inc. and subsidiaries collectively acquired a 100% interest in AcqCorp and therefore the Company ("March 2014 Sale")(See Note 3). (See Note 10, Subsequent Events, for additional information.)

On December 27, 2012, pursuant to a stock purchase agreement, KI-IDQ 2012 Holdings, LLC ("Kinderhook") acquired a controlling interest in AcqCorp from AcqCorp's non-employee shareholders (See Note 3). On March 17, 2014, Kinderhook transferred its controlling interest to Armored AutoGroup Parent Inc. and subsidiaries.

The Company, through its subsidiary, manufactures specialty products for the automotive aftermarket in its manufacturing and warehouse facility located in Garland, Texas. The Company's products consist of packaged refrigerant products, including cans, all in one kits, chemicals, lubricants, leak sealants, tools and accessories for the servicing of automotive air conditioning systems. The Company's products are sold primarily to "Do-it-Yourself" consumers and professional mechanics via retail channels including mass merchants and automotive specialty stores, as well as warehouse clubs and program distributors.

The Company's sales and business activities typically follow a seasonal trend with the majority of sales occurring during the spring and summer. As a result, the Company builds moderate levels of working capital and inventory in advance of and during the peak selling season. Working capital is also impacted by increases in accounts receivable, which increase significantly during the peak selling period and are typically lowest in the fourth quarter of the year. Sales and business are further impacted by changes in outdoor temperatures during the business selling cycle.

(b) ***Principles of Consolidation***

The condensed consolidated financial statements include the financial statements of Holdings, and its wholly owned subsidiary Operating, under its Successor (as of March 17, 2014, the change in control date (See Note 3)) and Predecessor ownerships. The condensed consolidated financial statements for the first quarter ended March 31, 2015 and at March 31, 2015, the period March 17, 2014 through March 31, 2014 and at December 31, 2014, are based on the acquisition basis of assets and liabilities reflecting push down accounting associated with the March 2014 Sale (See Note 3). Accordingly, the accompanying condensed consolidated financial statements of the Predecessor and Successor may not be comparable in all material respects, since the Successor's financial position, results of operations and cash flows use a new accounting basis. All significant intercompany balances and transactions between Holdings and Operating have been eliminated in consolidation.

(c) ***Basis of Presentation and Use of Estimates***

The interim condensed consolidated financial statements for the three months ended March 31, 2015, the period March 17, 2014 through March 31, 2014 and the period January 1, 2014 through March 16, 2014 are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the condensed consolidated results of operations, financial position and cash flows of the Company for the periods presented. The preparation of these condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts and related disclosures Actual results could differ materially from the estimates and assumptions made. Further, the results for the interim period ended March 31, 2015 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2015, or for any future period.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been omitted or condensed. The information in this report should be read in conjunction with the Company's Annual Report for the fiscal year ended December 31, 2014, which includes a complete set of footnote disclosures, including the Company's significant accounting policies. The condensed consolidated balance sheet at December 31, 2014 has been derived from the Company's audited financial statements at that date, but does not include all of the financial information or disclosures required by U.S. GAAP for complete financial statements.

(d) ***Reclassifications***

Certain reclassifications have been made to conform the prior periods' data to current presentation. Specifically, certain general and administrative costs have been reclassified as costs of goods sold to conform to the classification of those costs for the three month period ended March 31, 2015. In addition, certain factoring costs previously included in interest expense have been reclassified to other expense, net to conform to the classification of those costs for the three month period ended March 31, 2015. The reclassifications had no effect on reported net income (loss) and comprehensive income (loss).

(e) ***Trade Accounts Receivable***

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash flows from operating activities in the accompanying consolidated statements of cash flows. The Company assesses the collectability of receivables on a customer by customer basis and establishes appropriate reserves as necessary. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of the receivable in dispute, and the current receivables aging and payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and potential for recovery is considered remote.

The Company has the option to, and generally does, transfer certain of its trade accounts receivables without recourse to various financial institutions which are accounted for as sales. The costs associated with these programs typically include a combined interest rate and bank fee. Costs and fees related to factoring for the three months ended March 31, 2015, the period March 17, 2014 through March 31, 2014 and the period January 1, 2014 through March 16, 2014, were $0.2 million, $0.1 million, and $0.2 million, respectively, and are recorded within other expense, net, in the accompanying condensed consolidated statements of comprehensive income (loss).

(f) ***Goodwill***

The Company tests its goodwill for impairment annually as of the first day of the fourth quarter unless there are indications during an interim period that these assets are more likely than not to have become impaired.

(g) ***Revenue Recognition***

The Company recognizes revenue when products are shipped and after the customer takes ownership and assumes risk of loss. Generally, customers take ownership based on their individual shipping terms. Allowances for estimated returns and discounts are provided when sales are recorded.

(h) ***Cost of Goods Sold***

Cost of goods sold includes direct materials and supplies consumed in the manufacturing of product, as well as manufacturing labor, depreciation expense, direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product, and provisions for inventory losses (including losses relating to excess and obsolete inventory). Cost of goods sold also includes the cost to distribute products to customers, inbound freight costs, warehousing costs and other shipping and handling activity.

For the three months ended March 31, 2015, the period March 17, 2014 through March 31, 2014 and the period January 1, 2014 through March 16, 2014, depreciation expense included in cost of goods sold totaled $0.2 million, $0.0 million and, $0.1 million, respectively.

(i) ***Income Taxes***

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the anticipated future tax consequences attributable to the differences between the financial statement amounts and their respective tax bases. Management reviews the Company’s deferred tax assets to determine whether their value can be realized based upon available evidence. A valuation allowance is established when management believes that it is more likely than not that some portion or all of its deferred tax assets will not be realized. Changes in valuation allowances from period to period are included in the Company’s tax provision in the period of change. In addition to valuation allowances, the Company provides for uncertain tax positions when such tax positions do not meet the recognition thresholds or measurement standards prescribed by accounting guidance on the accounting for uncertainty in income taxes. Amounts for uncertain tax positions are adjusted when new information becomes available or when positions are effectively settled.

As of March 31, 2015 and December 31, 2014, the Company has $5.0 million of goodwill, which it expects to be deductible for income tax purposes.

The Company files consolidated federal and certain state income tax returns with AcqCorp (its Parent). For the tax period March 17, 2014 through December 31, 2014, AcqCorp's consolidated federal and state income tax returns will be filed in consolidation with Armored AutoGroup Parent Inc. and Subsidiaries' tax return. Income taxes are prepared on a separate return basis.

(j) ***Recent Accounting Pronouncements***

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU No. 2015-03 — Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability to which they relate, consistent with debt discounts, as opposed to being presented as assets. The ASU is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2015. The adoption of this update on January 1, 2016 will not have a material impact on our consolidated financial statements. As of March 31, 2015 and December 31, 2014, the Company had no deferred financing costs recorded on the Company's balance sheet.

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 ASU requires management to evaluate whether there are conditions and events that raise substantial doubt about the entity's ability to continue as a going concern within one year after the financial statements are 6issued and, if so, to disclose that fact. The ASU requires management to make this evaluation for both the annual and interim reporting periods, if applicable. Management is also required to evaluate and disclose whether its plans alleviate that doubt. The ASU is effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016.

In May 2014, the FASB issued ASU No. 2014-09—Revenue from Contracts with Customers. The ASU clarifies the principles for recognizing revenue and develops a common revenue standard for U.S. GAAP and International Financial Reporting Standards (''IFRS'') that removes inconsistencies and weaknesses in revenue requirements, provides a more robust framework for addressing revenue issues, improves comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, provides more useful information to users of the financial statements through improved disclosure requirements and simplifies the preparation of financial statements by reducing the number of requirements to which an entity must refer. The amendments in this update are effective for the annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Full or modified retrospective adoption is required and early application is not permitted. The Company is assessing the impact of the adoption of the ASU on its financial statements, disclosure requirements and methods of adoption.

On April 1, 2015, FASB proposed a one-year deferral of the effective date for its new revenue standard for public and nonpublic entities reporting under US GAAP. Under the proposal, the standard would be effective for public entities for annual reporting periods beginning after December 15, 2017 and interim periods therein. Nonpublic entities would be required to adopt the new standard for annual reporting periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15,

2019. The proposal also would permit both public and nonpublic entities to adopt the standard as early as the original public entity effective date (i.e., annual reporting periods beginning after December 15, 2016 and interim periods therein). Early adoption prior to that date would not be permitted. The FASB has issued an exposure draft on the proposal and expects to seek public comment with a 30-day comment period.

(2) Restatement of Prior Period Financial Statements

The Company's condensed consolidated statement of operations and condensed consolidated statement of cash flows for the period March 17, 2014 through March 31, 2014 and the period January 1, 2014 through March 16, 2014 were restated to reflect a change in accounting basis and to reflect in the appropriate quarterly period, the correction of certain errors identified during the 2014 year end audit. This restatement is the result of pushdown accounting onto to Holdings' financial statements (See Note 3) as a result of the March 2014 Sale. Accordingly, the accompanying financial statements of Holdings, as of March 31, 2014, reflect the new basis of accounting recorded upon AcqCorp's acquisition and to correct certain errors identified. The effects of the Company's previously issued 2014 financial statements are as follows:

Consolidated Statement of Comprehensive (Loss) Income (unaudited)
For the period January 1, 2014 through March 16, 2014
(In thousands)

	Restated Period January 1, 2014 through March 16, 2014	Previously Reported Period January 1, 2014 through March 16, 2014	Net Change
Gross sales	$ 36,912	$ 36,479(a)	$ 433
Sales, discounts and allowances	(3,594)	(3,683)(b)	89
Net sales	33,318	32,796	522
Cost of goods sold	(18,465)	(18,289)(c)	(177)
Gross profit	14,853	14,507	346
Operating expenses:			
Selling	1,657	1,658	(1)
General and administrative	6,611	6,720(d)	(109)
Depreciation and amortization	2,023	2,023	—
Total operating expenses	10,291	10,401	(110)
Operating profit	4,562	4,105	457
Other expense:			
Other (income) expense, net	213	(12)(e)	225
Interest expense	4,618	4,968(f)	(350)
Loss before income taxes	(269)	(850)	581
Provision for income taxes	6	192(g)	(186)
Net loss and comprehensive loss	$ (275)	$ (1,042)	$ 767

a) Increase in gross sales to recognize sales previously reported in the successor period.
b) Decrease due to correction in provision for sales, discounts and allowances.
c) Reclassification of $109,000 of certain general and administrative costs to conform to the classification of those costs for the current period, plus additional costs of $66,000 resulting from inventory costing adjustments and to recognize costs associated with sales previously reported in the successor period.

d) Reclassification of $109,000 of certain general and administrative costs to cost of goods sold to conform to the classification of those costs for the current period.
e) Increase due to factoring expense reclassification of $350,000 from Interest expense to Other expense, net to conform to the current period presentation, partially offset by a reduction in the factoring accrual $125,000.
f) Decrease due to factoring expense reclassification to conform to current period's presentation.
g) Impact of tax provision for the period resulting from the restatement.

Consolidated Statement of Cash Flows (unaudited)
For the period January 1, 2014 through March 16, 2014
(In thousands)

	Restated Period January 1, 2014 through March 16, 2014	Previously Reported Period January 1, 2014 through March 16, 2014	Net Change
Cash flows from operating activities:			
Net (loss) income	$ (275)	$ (1,042)	$ 767
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	205	204	1
Deferred income taxes	(800)	(127)	(673)
Amortization of intangibles	1,955	1,955	—
Amortization of premium on notes payable	(734)	(734)	—
Changes in operating assets and liabilities:			
Accounts receivable	(17,628)	(17,195)	(433)
Inventories	2,358	2,376	(18)
Prepaid expenses and other current assets	800	800	—
Net due from IDQ Acquisition Corp.	2,535	2,535	—
Accounts payable	2,281	2,281	—
Accrued expenses	10,098	10,229	(131)
Income taxes payable	(2,195)	(2,532)	337
Accrued interest on notes payable	5,305	5,305	—
Other liabilities	145	(5)	150
Net cash used in operating activities	4,050	4,050	—
Cash flows from investing activities:			
Capital expenditures	(297)	(297)	—
Net cash used in investing activities	(297)	(297)	—
Cash flows from financing activities:			
Payment of refinancing costs	(638)	(638)	—
Cash dividends paid - common	(3,150)	(3,150)	—
Net cash provided by financing activities	(3,788)	(3,788)	—
Net decrease in cash	(35)	(35)	—
Cash and cash equivalents at beginning of year	28,522	28,522	—
Cash and cash equivalents at end of the year	$ 28,487	$ 28,487	$ —
Supplemental cash flow information:			
Cash paid during the period for:			
Interest	$ 79	$ 322	$ (243)
Income taxes	307	307	—
Noncash transactions			
Dividends payable to IDQ Acquisition Corp.	$ 2,664	$ 2,664	$ —

Consolidated Statement of Comprehensive (Loss) Income (unaudited)
For the period March 17, 2014 through March 31, 2014
(In thousands)

	Restated Period March 17, 2014 through March 31, 2014	Previously Reported Period March 17, 2014 through March 31, 2014	Net Change
Gross sales	$ 6,292	$ 6,725(a)	$ (433)
Sales, discounts and allowances	(584)	(584)	—
Net sales	5,708	6,142	(434)
Cost of goods sold	(3,455)	(3,996)(b)	541
Gross profit	2,253	2,146	107
Operating expenses:			
Selling	322	318(c)	4
General and administrative	397	423(c)	(26)
Depreciation and amortization	575	405(d)	170
Total operating expenses	1,294	1,146	148
Operating profit	959	1,000	(41)
Other expense:			
Other (income) expense, net	77	(1)(e)	78
Interest expense	994	962(f)	32
(Loss) income before income taxes	(112)	39	(151)
Provision for income taxes	(40)	13(g)	(53)
Net (loss) income and comprehensive (loss) income	$ (72)	$ 26	$ (98)

a) Decrease in gross sales to reverse sales that were previously recognized in the predecessor period.
b) Decrease in cost of goods sold to reverse costs associated with sales that were previously recognized in the predecessor period, and inventory value adjustments resulting from the acquisition.
c) Decrease of selling, general and administrative expense due to reclassifications of certain expenses to conform to current period presentation.
d) Net increase in depreciation of fixed assets and amortization of intangible assets resulting from the fair value adjustment to fixed assets and intangible assets on March 17, 2014.
e) Decrease due to factoring expense reclassification to conform to current period’s presentation.
f) Increase is due to reclassifying factoring expense to Other (income) expense, offset by higher interest expense due to lower debt fair value resulting from the acquisition.
g) Impact of tax provision for the period resulting from the restatement.

Consolidated Statement of Cash Flows (unaudited)
For the period March 17, 2014 through March 31, 2014
(In thousands)

	Restated Period March 17, 2014 through March 31, 2014	Previously Reported Period March 17, 2014 through March 31, 2014	Net Change
Cash flows from operating activities:			
Net income (loss)	$ (72)	$ 26	$ (98)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	42	42	0
Deferred income taxes	(219)	(2)	(217)
Amortization of intangibles	561	391	170
Amortization of premium on notes payable	(50)	(120)	70
Changes in operating assets and liabilities:			
Restricted cash	—	—	—
Accounts receivable	179	(254)	433
Inventories	(1,811)	(1,333)	(478)
Prepaid expenses and other current assets	(428)	(428)	—
Accounts payable	3,739	3,739	—
Accrued expenses	(5,693)	(5,648)	(45)
Income taxes payable	179	15	164
Accrued interest on notes payable	1,020	1,020	—
Other liabilities	4	3	1
Net cash used in operating activities	(2,549)	(2,549)	—
Cash flows from investing activities:			
Capital expenditures	(14)	(14)	—
Net cash used in investing activities	(14)	(14)	—
Cash flows from financing activities:			
Payment of refinancing costs	—	—	—
Cash dividends paid	(2,664)	(2,664)	—
Net cash provided by financing activities	(2,664)	(2,664)	—
Net decrease in cash	(5,227)	(5,227)	—
Cash and cash equivalents at beginning of year	28,487	28,487	—
Cash and cash equivalents at end of the year	$ 23,260	$ 23,260	$ —
Supplemental cash flow information:			
Cash paid during the period for:			
Interest	$ 31	$ 109	$ (78)
Income taxes	—	—	—

(3) Armored AutoGroup Parent Inc. and Subsidiaries' acquisition of IDQ Acquisition Corp.

On March 17, 2014, Armored AutoGroup Parent Inc. ("AAG Parent"), in conjunction with its wholly owned subsidiaries, Armored AutoGroup Inc. ("AAG"), and AAG IDQ Acquisition Corporation, AAG Parent's direct wholly-owned subsidiary ("AcquisitionCo") collectively acquired 100% of the common stock of AcqCorp, pursuant to a Stock Purchase Agreement, dated as of March 17, 2014 (the "AAG Purchase Agreement"), by and among AAG Parent, AAG, AcquisitionCo, AcqCorp, the then existing stockholders of AcqCorp, and a "Contribution Agreement", dated March 17, 2014, by and among the AAG Parent and the then existing stockholders of AcqCorp ("the March 2014 Sale"). The acquisition did not result in AcqCorp or any of its subsidiaries becoming an obligor or guarantor of AAG's debt instruments and AAG did not become an obligor or guarantor of AcqCorp's or any of AcqCorp's subsidiaries' debt instruments.

Under the Shared Services Agreement ("the Shared Services Agreement"), the Company provides to AAG, and AAG provides to us, certain services, including, but not limited to, executive and senior management, administrative support, human resources, information technology support, accounting, finance, technology development, legal, and procurement services. In accordance with the agreement and applicable accounting guidance, direct costs clearly applicable to AAG or the Company are not shared and costs that are not clearly applicable to AAG or us are allocated based on a mutually agreed upon criteria and methodology. This methodology is largely a pro rata allocation based upon an analysis of each individual company's contribution to the aggregate cost of the shared functions before such services became shared and the actual costs of such functions for the period.

In accordance with ASC Topic 805, *Business Combinations*, the change in control was accounted for under acquisition accounting by AAG Parent. As such, the assets and liabilities of AcqCorp were recorded at their estimated fair value on March 17, 2014 by AAG Parent, and concurrently, the Company elected to apply pushdown accounting, those estimated fair values were pushed down to Holdings.

Pursuant to the AAG Purchase Agreement, immediately prior to the execution of said Agreement, the existing stockholders of AcqCorp, pursuant to the Contribution Agreement noted above, collectively contributed 186,541 of their common stock in AcqCorp to AAG Parent in exchange for common and preferred shares in AAG Parent representing a total estimated fair value of $28.4 million. The remaining 458,177 issued and outstanding common stock of AcqCorp was purchased from the existing stockholders for a total $70.0 million of which, 392,722 shares were purchased by AcquisitionCo for $60.0 million and 65,455 shares were purchased by AAG for $10.0 million. AAG's minority ownership in the common stock of AcqCorp did not result in AcqCorp or any of its subsidiaries becoming an obligor or guarantor of AAG's debt instruments and AAG did not become an obligor or guarantor of AcqCorp's or any of AcqCorp's subsidiaries' debt instruments. In addition, at the time of the close, the Company paid $1.3 million in third party professional fees and expenses that were incurred by AAG in connection with the acquisition. AcqCorp recorded the $1.3 million payment as a reduction of the total consideration exchanged.

The Company obtained consents for the change in control from its creditors through amendments to the indentures governing the $220.0 million Holdings' Notes and an amendment to the Revolving Credit Facility, in consideration of payments of $550,000 and $87,500, respectively. In addition, the creditors consented to the payments of acquisition related transaction costs, such as advisory, legal and other professional fees, of up to $8.0 million, of which $4.9 million was expensed and included in general and administrative expenses in the accompanying statements of operations for the period January 1, 2014 through March 16, 2014.

During the fourth quarter of 2014, the Company finalized its valuation of the acquisition date fair values of the consideration transferred, and the assets acquired and liabilities assumed. Based on that assessment, management determined that the acquisition resulted in goodwill of $163.1 million, which is attributable to expected synergies and other benefits that will result from combining certain operations of the Company and AAG. During the quarter ended March 31, 2015, the Company pushed down, from AcqCorp, negative goodwill of $319,000 that was attributable to a deferred tax asset recorded on AcqCorp as part of the March 2014 purchase accounting adjustment.

(4) Inventories

Major classes of inventories, net of reserves, at March 31, 2015 and December 31, 2014 consist of the following:

	March 31, 2015 (unaudited)	December 31, 2014
Raw materials	$ 11,784	$ 11,169
Work in process	1,099	1,750
Finished goods	11,563	11,795
Total inventories	$ 24,446	$ 24,714

(5) Debt

The Company’s long-term debt at March 31, 2015 and December 31, 2014 consist of the following:

	March 31, 2015		December 31, 2014	
	Carrying Value (unaudited)	Fair Value (unaudited)	Carrying Value	Fair Value
$220 million senior secured notes due 2017	$ 223,052	224,400	$ 223,390	224,400

The fair value of the Senior Notes was determined using broker quotes (Level 2). The broker quotes are determined on an analysis of discounted cash flows together with applicable forward LIBOR rates.

(6) Commitments and Contingencies

Litigation and Other Legal Matters

The Company is subject to various lawsuits and claims relating to issues such as contract disputes, product liability, patents and trademarks, advertising, employee and other matters. Although the results of claims and litigation cannot be predicted with certainty, it is the opinion of management that the ultimate disposition of these matters will not have a material adverse effect, individually or in the aggregate, on the Company’s financial position or results of operations.

(7) Consolidated Debt and Interest Expense of IDQ Acquisition Corp.

In connection with the March 2014 Sale (See Note 3), AAG Parent and Subsidiaries acquired the $220.0 million Notes and $45.0 million Notes at their estimated fair values of $224.4 million and $46.8 million, respectively. The premiums on these notes are being amortized into interest expense using the effective interest rate method over the remaining term of the respective notes. At March 31, 2015 and December 31, 2014, the consolidated long-term debt of Holdings' parent, IDQ Acquisition Corp. (AcqCorp), consisted of the following:

	March 31, 2015 (unaudited)	December 31, 2014
$220 million senior secured notes due 2017	$223,052	$ 223,390
$45 million senior secured notes due 2017	46,351	46,464
Less current maturities	—	—
Total long-term debt	$269,403	$ 269,854

For the three months ended March 31, 2015, the period March 17, 2014 through March 31, 2014 and the period January 1, 2014 through March 16, 2014, the consolidated interest expense relating to debt of Holdings' parent, AcqCorp, consisted of the following:

	Successor		Predecessor
	Three months ended March 31, 2015 (unaudited)	Period March 17, 2014 through March 31, 2014	Period January 1, 2014 through March 16, 2014
Interest Expense:			
$220 million senior secured notes due 2017 (1)	5,987	970	4,571
$45 million senior secured notes due 2017 (2)	1,462	246	1,296
Loan fees	79	10	43
Total interest expense and fees on debt	$ 7,528	$ 1,226	$ 5,910

(1) Presented net of amortization of premium on notes for the three months ended March 31, 2015, period March 17, 2014 through March 31, 2014 and the period January 1, 2014 through March 16, 2014, in the amounts of $0.3 million, $0.1 million, and $0.7 million, respectively.

(2) Presented net of amortization of premium on notes for the three months ended March 31, 2015, period March 17, 2014 through March 31, 2014 and the period January 1, 2014 through March 16, 2014, in the amounts of $0.1 million, $17,000 and $16,000, respectively.

(8) Income taxes

The Company's effective tax rate was as follows:

	Successor		Predecessor
	Three Months ended March 31, 2015	Period March 17, 2014 through March 31, 2014	Period January 1, 2014 through March 16, 2014
Effective tax rate	44.0%	35.7%	2.2%

The Company's effective tax rate for the three month period ended March 31, 2015 differs from the statutory tax rate, primarily due to the timing of permanent and temporary income tax items, as well as, U.S. federal manufacturing benefits recognized and state income taxes.

(9) Related Party Transactions

During the three month period ended March 31, 2015, the Company made payments of approximately $0.3 million in management fees to Kinderhook Industries, Las Colinas Investments, LLC and Windy Hill Investments, LLC for their organizational strategy, financial and investment management, and investment banking services to the Company.

Shared Services Agreement

Under the Shared Services Agreement ("the Shared Services Agreement"), the Company provides to AAG, and AAG provides to us, certain services, including, but not limited to, executive and senior management, administrative support, human resources, information technology support, accounting, finance, technology development, legal, and procurement services. In accordance with the agreement and applicable accounting guidance, direct costs clearly applicable to AAG or the Company are not shared and costs that are not clearly applicable to AAG or us are allocated based on a mutually agreed upon criteria and methodology. This methodology is largely a pro rata allocation based upon an analysis of each individual company's contribution to the aggregate cost of the shared functions before such services became shared and the actual costs of such functions for the period.

During the three months ended March 31, 2015, the Company charged AAG $2.1 million for shared services while AAG charged us $2.2 million, principally relating to the selling, general and administrative costs and which is reflected on a net basis in selling, general and administrative expense in the Company's condensed consolidated statements of comprehensive income (loss).

In the opinion of management, the method of allocating these costs is reasonable; however, the costs of these services allocated between the Company and AAG are not necessarily indicative of the costs that would have been incurred by the either company on a stand-alone basis.

(10) Subsequent Events

On April 28, 2015, AAG Parent entered into an Agreement and Plan of Merger (the "Merger Agreement") with Spectrum Brands Holdings, Inc. ("Spectrum Brands Holdings"), Ignite Merger Sub, Inc. ("Ignite"), a direct wholly owned subsidiary of Spectrum Brands, Inc., and Avista Capital Partners II GP, LLC, as representative of the stockholders and the optionholders of AAG Parent. Under the Merger Agreement, Ignite will be merged with and into AAG Parent and AAG Parent will continue as the surviving corporation. The merger consideration is approximately $1.4 billion (subject to customary adjustments for cash, debt, net working capital and transaction-related expenses described in the Merger Agreement), which will be paid entirely in cash. The obligations of the parties to complete the merger are subject to various customary closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and, in the case of Spectrum Brands Holdings' obligation to complete the acquisition, the accuracy of representations and warranties, material compliance by AAG Parent with certain preclosing covenants and no material adverse change in AAG Parent since the date of the Merger Agreement. The Merger Agreement may be terminated by mutual consent of AAG Parent and Spectrum Brands Holdings and under certain other circumstances, including by

AAG Parent or Spectrum Brands Holdings if the closing of the merger has not occurred by June 30, 2015. The total amount of unrecognized compensation expense for the Company's employees under the 2010 AAG Parent Option Plan is approximately $1.3 million. This expense is expected to be recorded upon closing of the merger during the second quarter of our fiscal 2015.

In accordance with the terms of the management agreement with Kinderhook Industries, Las Colinas Investment LLC and Windy Hill Investments, LLC the Company also expects to pay an aggregate fee of $3.1 million upon closing of the merger.

Pursuant to the terms of the indenture governing the Notes, the Company was required to make an offer to purchase the $220M Notes at 103% of the principal amount on April 29, 2015, using 75% of the Company's Excess Cash Flow (as defined in the indenture), or $14.6 million. Should this offer be accepted, the payment shall be made no earlier than 30 days nor later than 60 days from the date the notice was mailed. As of May 11, 2015, no holders of the Notes have accepted the offer.

The Company has evaluated events from the balance sheet date through May 11, 2015, the date at which the financial statements were available to be issued, and determined there are no other items to disclose.