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

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 31, 2017 (June 15, 2017)

KMG Chemicals, Inc.
(Exact name of registrant as specified in its charter)

TEXAS	001-35577	75-2640529
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

300 Throckmorton Street Fort Worth, Texas	76102
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 817-761-6100

(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:

☐ 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))

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

Emerging growth company ☐

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

Explanatory Note

This Current Report on Form 8-K/A (this “Amendment”) amends and supplements the Current Report on Form 8-K filed by KMG Chemicals, Inc. (the “Company”) on June 15, 2017 (the “Original Report”). This Amendment is being filed solely to include the audited and unaudited financial statements of Flowchem Holdings LLC and other information required by Item 9.01 of Form 8-K concerning our acquisition of Flowchem Holdings LLC on June 15, 2017. No other amendments to the Original Form are being made by this Amendment.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial statements of businesses acquired.*

The Audited Consolidated Financial Statements of Flowchem Holdings LLC as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 are filed as Exhibit 99.1 to this Amendment and are included herein by reference.

The Unaudited Condensed Consolidated Financial Statements of Flowchem Holdings LLC as of March 31, 2017 and December 31, 2016 and for the three months ended March 31, 2017 and 2016 are filed as Exhibit 99.2 to this Amendment and are included herein by reference.

(b) Pro forma financial information.

The Unaudited Pro Forma Condensed Consolidated Financial Statements as of April 30, 2017 and for the year ended July 31, 2016 and for the nine months ended April 30, 2017, are filed as Exhibit 99.3 to this Amendment and are included herein by reference.

(*d*) *Exhibits*

23.1 Consent of BDO USA, LLP, Independent Auditor of Flowchem Holdings LLC

99.1 Audited Consolidated Financial Statements of Flowchem Holdings LLC and Subsidiaries as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016

99.2 Unaudited Condensed Consolidated Financial Statements of Flowchem Holdings LLC and Subsidiaries as of March 31, 2017 and December 31, 2016 and for the three months ended March 31, 2017 and 2016

99.3 Unaudited Pro Forma Condensed Consolidated Financial Statements

SIGNATURES

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

KMG Chemicals, Inc.

By: /s/ Roger C. Jackson Date: August 31, 2017
Roger C. Jackson,
Vice President, General Counsel and Secretary

Exhibit 23.1

Consent of Independent Auditor

KMG Chemicals, Inc.
Fort Worth, Texas

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-217185, 333-144349 and 333-129879) and Form S-8 (Nos. 333-209142 and 333-164686) of KMG Chemicals, Inc. of our report dated June 14, 2017, relating to the consolidated financial statements of Flowchem Holdings, LLC as of December 31, 2016 and 2015, and for each of the three years in the period ended December 31, 2016, which appears in this Form 8K/A.

/s/ BDO USA, LLP

Houston, Texas
August 31, 2017

Exhibit 99.1

FLOWCHEM HOLDINGS, LLC
AND SUBSIDIARIES

Consolidated Financial Statements

As of December 31, 2016 and 2015 and for Each of the
Three Years in the Period Ended December 31, 2016

FLOWCHEM HOLDINGS, LLC AND SUBSIDIARIES

Contents

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2929 Allen Parkway, 20th Floor
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Independent Auditor's Report

To the Members of
Flowchem Holdings, LLC and Subsidiaries
Waller, Texas

We have audited the accompanying consolidated financial statements of Flowchem Holdings, LLC and Subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income and members' equity, and cash flows for each of the three years in the period ended December 31, 2016, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Flowchem Holdings, LLC and Subsidiaries as of December 31, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

June 14, 2017

Consolidated Financial Statements

FLOWCHEM HOLDINGS, LLC AND SUBSIDIARIES

Consolidated Balance Sheets

December 31,		2016		2015
Assets				
Current Assets				
Cash and cash equivalents	$	6,592,281	$	7,657,718
Receivables, net		16,187,180		12,199,807
Inventories		4,304,426		4,808,939
Other current assets		309,282		136,929
Total Current Assets		27,393,169		24,803,393
Property, Plant, and Equipment, net		20,585,565		15,438,837
Other Intangible Assets, net		53,337,633		60,072,292
Goodwill		116,369,900		116,369,900
Total Assets	$	217,686,267	$	216,684,422
Liabilities and Members' Equity				
Current Liabilities				
Accounts payable	$	3,901,351	$	4,064,280
Accrued expenses		1,188,416		2,258,459
Accrued interest		555,413		677,264
Income taxes payable		109,885		123,383
Current portion of capital lease obligations		146,371		113,977
Current maturities of debt, net of debt discount and debt issuance costs		6,219,357		5,909,235
Total Current Liabilities		12,120,793		13,146,598
Capital Lease Obligations, net of current portion		-		96,411
Long-Term Debt, net of current maturities and debt discount and debt issuance costs		89,738,286		110,982,681
Deferred Income Taxes		1,144,379		691,000
Total Liabilities		103,003,458		124,916,690
Commitments and Contingencies (Note 3)				
Members' Equity		114,682,809		91,767,732
Total Liabilities and Members' Equity	$	217,686,267	$	216,684,422

See accompanying notes to consolidated financial statements.

FLOWCHEM HOLDINGS, LLC AND SUBSIDIARIES

Consolidated Statements of Income and Members' Equity

Year Ended December 31,	2016	2015	2014
Net Sales	$ 83,604,114	$ 75,447,328	$ 56,873,896
Cost of Sales	41,537,239	37,445,007	30,010,269
Gross Profit	42,066,875	38,002,321	26,863,627
Operating Expenses			
Selling, general and administrative	4,334,973	4,295,918	2,915,716
Management fees	336,260	616,952	973,454
Amortization expense	6,734,658	6,734,658	6,734,658
Other operating expenses (Note 5)	3,137,039	620,240	277,601
Total Operating Expenses	14,542,930	12,267,768	10,901,429
Income from Operations	27,523,945	25,734,553	15,962,198
Other (Income) and Expenses			
Interest expense	8,333,259	10,983,515	10,745,665
Loss on early extinguishment of debt	-	577,151	-
(Gain) loss from insurance claims	(4,244,272)	119,838	-
Total Other Expenses	4,088,987	11,680,504	10,745,665
Income Before Income Tax Expense	23,434,958	14,054,049	5,216,533
Income Tax Expense	519,881	21,052	75,571
Net Income	22,915,077	14,032,997	5,140,962
Members' Equity - beginning of year	91,767,732	106,734,735	101,593,773
Distributions	-	(29,000,000)	-
Members' Equity - end of year	$ 114,682,809	$ 91,767,732	$ 106,734,735

See accompanying notes to consolidated financial statements.

FLOWCHEM HOLDINGS, LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Year Ended December 31,	2016	2015	2014
Cash Flows from Operating Activities			
Net income	$ 22,915,077	$ 14,032,997	$ 5,140,962
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,386,482	8,098,321	7,811,717
Amortization of debt discount and debt issuance costs	889,914	675,520	604,055
Loss on early extinguishment of debt	-	577,151	-
Provision for bad debt expense	-	25,004	138,492
Interest paid-in-kind to members'	-	166,255	665,914
Deferred taxes	453,379	(66,000)	-
Loss on disposal of property, plant and equipment	11,075	620,240	-
(Gain) loss from insurance claims	(4,244,272)	119,838	-
Changes in operating assets and liabilities:			
Receivables	(3,987,373)	(3,521,917)	(2,683,097)
Inventories	504,513	(1,433,571)	(607,240)
Other current assets	(172,353)	272,364	(319,357)
Accounts payable	(2,055,823)	1,369,990	1,275,890
Accrued expenses	(1,070,043)	547,564	1,426,546
Accrued interest	(121,851)	198,621	61,560
Income taxes payable	(13,498)	21,975	41,408
Net Cash Provided By Operating Activities	21,495,227	21,704,352	13,556,850
Cash Flows from Investing Activities			
Proceeds from disposal of assets	494,637	-	-
Proceeds from insurance claim	6,137,166	-	-
Purchases of property, plant, and equipment	(7,304,263)	(5,355,097)	(2,312,754)
Net Cash Used In Investing Activities	(672,460)	(5,355,097)	(2,312,754)
Cash Flows from Financing Activities			
Principal payments for capital lease obligations	(64,017)	(70,063)	(67,819)
Proceeds from long-term debt, net of discount	-	60,832,305	-
Payments on long-term debt - affiliate	-	(33,879,183)	-
Payments on long-term debt	(21,824,187)	(15,898,476)	(3,850,000)
Distributions to members	-	(29,000,000)	-
Net Cash Used In Financing Activities	(21,888,204)	(18,015,417)	(3,917,819)
Net (Decrease) Increase in Cash and Cash Equivalents	(1,065,437)	(1,666,162)	7,326,277
Cash and Cash Equivalents - Beginning of Year	7,657,718	9,323,880	1,997,603
Cash and Cash Equivalents - End of Year	$ 6,592,281	$ 7,657,718	$ 9,323,880
Supplemental Cash Flow Information			
Cash paid for interest	$ 7,565,196	$ 8,770,722	$ 9,414,136
Cash paid for income taxes, net of refunds	$ 80,000	$ 65,077	$ 4,163
Non-Cash Investing Activities			
Goodwill measurement period adjustments	$ -	$ -	$ 918,321
Transfer of equipment to inventory	$ -	$ 67,751	$ -

See accompanying notes to consolidated financial statements.

1. Organization and Nature of Operations

Flowchem Holdings, LLC (“Holdings”) is a Delaware limited liability company which was formed in October 2013. Effective December 6, 2013, Holdings acquired Flowchem Ltd. and Subsidiaries and then simultaneously merged Flowchem Ltd. into Flowchem, LLC (“Flowchem”) at which time planned principal operations commenced. Holdings is primarily engaged in manufacturing and distribution of chemical drag reduction agents for use in the crude and refined oil pipeline industry worldwide as well as providing field and delivery services for its customers. The Company is headquartered in Waller, Texas.

The Holdings operating agreement states that Holdings will remain in existence until termination and dissolution in accordance with the Members’ agreement.

2. Summary of Significant Accounting Policies

Basis of Presentation

Holdings prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of Flowchem Holdings, LLC and its wholly-owned subsidiaries, FLX, Inc., MPower Specialty Chemicals, LLC, Flowchem, LLC, Flowchem Intermediate Holdings, LLC, Flowchem Acquisition, LLC, and Flowchem Export Company (collectively, the “Company”). All significant intercompany balances and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions used in preparing the accompanying consolidated financial statements.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all short-term, highly liquid investments with maturities of three months or less to be cash equivalents.

The Company maintains cash in financial institutions which may at times exceed federally insured limits. The Company monitors the financial condition of these financial institutions and has not experienced any losses associated with these accounts.

Accounts Receivable and Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The allowance for doubtful accounts is based upon the expected collectability of all accounts receivable including review of agings and current economic conditions. Accounts are written off when all reasonable internal and external collection efforts have been performed. Actual write-offs may be in excess of estimated allowance. At December 31, 2016 and 2015, the Company has recorded an allowance for doubtful accounts of approximately $108,000 and $134,000, respectively.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the weighted average method. Costs of processed and blended items include materials, labor, and overhead.

Inventories consist of the following:

December 31,	**2016**	**2015**
Finished goods	$ 1,281,340	$ 2,011,561
Work-in-progress	2,372,000	1,917,257
Raw materials	651,086	880,121
Inventories	$ 4,304,426	$ 4,808,939

The Company's policy is to record inventory obsolescence as a reduction to its inventory based on a review of inventory quantities on hand and estimated sales forecasts based on sales history and anticipated future demand. At December 31, 2016 and 2015, no inventory obsolescence reserves were established by the Company.

Property, Plant, and Equipment

Property, plant, and equipment is recorded at cost less accumulated depreciation. Ordinary maintenance and repairs are charged to expense as incurred. Expenditures that extend the physical or economic life of the assets are capitalized and depreciated over the remaining useful life. Gains or losses on the disposition of assets sold are recognized in income and the related asset and accumulated depreciation accounts are adjusted accordingly.

Property, plant, and equipment consist of the following:

December 31,	Estimated Useful Lives	2016	2015
Land	-	$ 1,426,547	$ 341,981
Plant	33 years	2,505,350	2,089,587
Building	15 years	3,323,576	3,312,406
Equipment & machinery	3-10 years	10,584,612	9,044,860
Autos & trucks	5 years	2,133,952	1,447,354
		19,974,037	16,236,188
Less: accumulated depreciation		(3,926,637)	(2,321,641)
		16,047,400	13,914,547
Equipment not yet placed in service		4,538,165	1,524,290
Property, plant, and equipment, net		**$ 20,585,565**	**$ 15,438,837**

Provisions for depreciation have been computed, on a straight-line basis, over the estimated useful lives of the assets. Depreciation expense was approximately $1,652,000, $1,364,000 and $1,077,000 for the years ended December 31, 2016, 2015 and 2014, respectively, and is included in cost of sales in the consolidated statements of income and members' equity.

In July 2015, the Company's Brookshire facility suffered a loss due to fire. Facility building and equipment were destroyed in the fire. The loss was covered by the Company's insurance policy, and all related insurance claims were settled as of December 31, 2016. The Company recognized a gain (loss) of approximately $4,244,000 and $(119,000) from insurance proceeds net of related costs for the years ended December 31, 2016 and 2015, respectively.

Goodwill and Indefinite Lived Intangible Assets

Goodwill represents the excess of acquisition consideration paid over the fair value of identifiable net tangible and identifiable intangible assets acquired. Goodwill acquired in a business combination is not amortized, but instead tested for impairment at least annually or when indicators of impairment are present.

The Company performs a qualitative assessment of the fair value of its reporting unit before calculating the fair value of the reporting unit in step one of the two-step goodwill impairment model. Based on qualitative assessments as of December 31, 2016 and 2015, the Company determined it was more likely than not that the reporting unit's fair value is greater than its carrying value, the remaining impairment steps were unnecessary.

Other Intangible Assets

The Company's other intangible assets represent the fair value of finite lived intangible assets acquired in connection with business acquisitions, net of estimated amortization, and include customer relationships, patents and non-compete covenants. Intangible assets with finite useful lives are amortized either on a straight-line basis over the asset's estimated useful life or on a basis that reflects the pattern in which the economic benefits of the intangible assets are realized.

Other intangible assets also include indefinite lived trade names, which are not amortized, but tested for impairment annually or more frequently if circumstances indicate that impairment may exist. Based on qualitative assessments as of December 31, 2016 and 2015, the Company determined it was more likely than not that the fair value of the indefinite lived trade names were greater than their carrying value and the remaining impairment step was unnecessary.

Impairment of Long-Lived Assets

Long-lived assets, including property, plant, and equipment, and other intangible assets with defined lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. An impairment loss is recorded in the period in which it is determined that the carrying amount is not recoverable. The determination of recoverability is made based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. The measurement of an impairment loss for long-lived assets is based on the asset's estimated fair value. No such impairment was recorded for the years ended December 31, 2016, 2015 and 2014.

Members' Capital Accounts

Capital contributions are recorded on the date of contribution at cost. The profits and losses of the Company are allocated in accordance with the Member Agreement. The Company's capital structure consists of one class of common units (105,677,606 authorized and outstanding) as well as profits interest units ("PI Units"), which can be issued to employees, managers, directors or consultants of the Company with the approval of the Members. Pursuant to the Member Agreement, holders of the PI Units have no voting rights. The PI Units contain certain performance and service requirements and generally entitle the holder to a profits interest upon a Qualifying Event (as defined in the PI Units grant agreement). No expense has been recognized in the accompanying consolidated financial statements as the likelihood of the Qualifying Event is not probable as of December 31, 2016. PI Unit activities for the years ended December 31, 2016, 2015 and 2014 were as follows:

Year Ending December 31,	**2016**	**2015**	**2014**
Units at January 1,	10,802,640	8,512,950	-
Granted	939,360	2,289,690	8,512,950
Forfeited	(469,680)	-	-
Outstanding at December 31,	**11,272,320**	**10,802,640**	**8,512,950**

During 2015, the Members received distributions of $29,000,000 which were paid on February 27, 2015 (for $9,000,000) and October 10, 2015 (for $20,000,000). The Members, who are holders of the common units, are entitled to preferential distributions and specific allocations of profits and losses. In accordance with the Member Agreement, the Members are also entitled to a 10% cumulative preferred return on their unreturned capital contributions, which are accrued but undeclared on a quarterly basis. Cumulative preferred returns in arrears associated with Member interests as of December 31, 2016 and 2015 were approximately $28,336,000 and $20,648,000, respectively.

Revenue Recognition

The vast majority of the Company's revenue represents sales of chemical products. The Company recognizes revenue when each of the following four criteria are met: 1) a contract or sales arrangement exists; 2) title and risk of loss transfers to the customer upon shipment for Freight On Board ("FOB") shipping point sales or when the Company receives confirmation of receipt and acceptance by the customer for FOB destination sales; 3) the price of the products is fixed or determinable; and 4) collectability is reasonably assured. Recognized revenue is net of sales taxes and customer discounts.

Income Taxes

Under existing provisions of the Internal Revenue Code, the default classification of a multi-member limited liability company is a partnership unless a check-the-box election is made to tax the entity as a corporation. The Company, having not made such an election, is treated as a partnership, and therefore, the income or loss is passed through to the members for federal income tax purposes. Accordingly, no provision for federal income taxes has been included in the accompanying consolidated financial statements and the Members will record any income or loss impact in their respective income tax returns. Furthermore, the remaining subsidiaries of the Company, excluding FLX, Inc., are treated as disregarded entities for filing purposes and their results are included in the Company's partnership income tax return.

The Company's subsidiary FLX, Inc. is subject to federal income taxes, thus the Company records deferred tax liabilities which primarily relate to differences associated with the book and tax carrying values of property, plant and equipment, as well as net operating losses ("NOL"). At December 31, 2016, FLX, Inc. had NOL carryforwards of approximately $1,077,000 that will expire through 2035, if not utilized. Deferred tax expenses (benefits) related to these differences were $453,379, ($66,000) and $0 for the years ended December 31, 2016, 2015 and 2014, respectively.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities are as follows:

December 31,	**2016**	**2015**
Deferred tax assets:		
Net operating loss carryforwards	$ 366,240	$ 463,327
Total deferred tax assets	366,240	463,327
Deferred tax liabilities:		
Property, plant and Equipment	(1,510,619)	(1,154,327)
Total deferred tax liabilities	(1,510,619)	(1,154,327)
Net Deferred Tax Liabilities	$ (1,144,379)	$ (691,000)

The Company and each of its subsidiaries are subject to the Texas Margin Tax, which is determined by applying a tax rate to a base that considers both revenue and expenses, and is reflected in income tax expense on the accompanying consolidated statements of income and members' equity. The Company files a single unitary return reporting the results of the Company and its subsidiaries. The provision for state income taxes of approximately $67,000, $87,000, and $76,000 have been included in the accompanying consolidated statements of income and members' equity for the years ended December 31, 2016, 2015 and 2014, respectively. State income taxes payable at December 31, 2016 and 2015 are approximately $110,000 and $123,000, respectively.

The Company accounts for uncertainty in income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is made as to whether it is more likely than not that an income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. As of December 31, 2016 and 2015, there are no uncertain tax positions related to federal and state income taxes. As such, there were no amounts that had been accrued as of December 31, 2016 and 2015 with respect to uncertain tax positions related to the federal and state taxes as the Company believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within twelve months of the reporting date.

The income tax position taken is that the Company, with exception to its subsidiary FLX, Inc., is exempt from federal income taxes by virtue of being a pass-through entity. Management believes this tax position meets the more-likely-than-not threshold and, accordingly, no federal income tax liability or benefit has been recognized for the years ended December 31, 2016, 2015 and 2014.

The Company records income tax related interest and penalties, if applicable, as a component of the provision for income tax expense. There were no amounts recognized relating to interest and penalties in the consolidated statements of income and members' equity for the years ended December 31, 2016, 2015 and 2014.

The Company's federal and state income tax returns for the period from date of formation as discussed in Note 1 through December 31, 2016 are subject to examination by the IRS and respective states.

Shipping and Handling Costs

Shipping and handling costs associated with the distribution of the Company's products are recorded in cost of sales.

Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, accounts receivables, accounts payable, accrued expenses, capital leases and long-term debt. The carrying amount of such instruments approximates fair value due to their short term nature. The carrying value of long-term debt approximates fair value because of the market interest rate of the debt.

Subsequent Events

The Company evaluates events and transactions occurring after the consolidated balance sheet date, but before the consolidated financial statements are available to be issued. The Company has evaluated such events and transactions through June 14, 2017, the date the consolidated financial statements were available for issuance. See Note 7.

Other Intangible Assets

Other intangible assets consist of the following:

	December 31, 2016			
	Estimated Useful Lives	Original Amount	Accumulated Amortization	Net Amount
Trade names	Indefinite	$ 12,314,000	$ -	$ 12,314,000
Customer relationships	8 years	37,529,000	(14,412,178)	23,116,822
Patents	12 years	23,944,000	(6,130,107)	17,813,893
Non-compete covenant	5 years	241,000	(148,082)	92,918
Total		$ 74,028,000	$ (20,690,367)	$ 53,337,633

	December 31, 2015			
	Estimated Useful Lives	Original Amount	Accumulated Amortization	Net Amount
Trade names	Indefinite	$ 12,314,000	$ -	$ 12,314,000
Customer relationships	8 years	37,529,000	(9,721,053)	27,807,947
Patents	12 years	23,944,000	(4,134,774)	19,809,226
Non-compete covenant	5 years	241,000	(99,881)	141,119
Total		$ 74,028,000	$ (13,955,708)	$ 60,072,292

Amortization expense for the finite-lived other intangible assets was approximately $6,735,000 for each of the years ended December 31, 2016, 2015 and 2014.

As of December 31, 2016, future amortization expense for other intangible assets is as follows:

Year Ending December 31,	
2017	$ 6,734,658
2018	6,731,177
2019	6,686,458
2020	6,686,458
2021	6,347,655
Thereafter	7,837,227
	$ 41,023,633

Long-Term Debt and Long-Term Debt - Affiliate

On December 6, 2013, the Company entered into a Senior Secured Credit Agreement ("Credit Agreement") with various financial institutions for an original amount of $77,000,000. On October 9, 2015, the Company modified its Credit Agreement to increase the original amount borrowed. The modified agreement allowed the Company to borrow an additional amount of approximately $62,000,000 before fees paid to the institutions of approximately $1,400,000. As part of the modification, the $1,400,000 was treated as a discount to the principal balance and is being amortized to interest expense over the life of the Credit Agreement using the straight line method which approximates the effective interest method. Amortization expense related to the debt discount was approximately $443,000, $111,000 and $0 for the years ended December 31, 2016, 2015 and 2014, respectively, and is included in interest expense in the consolidated statements of income and members' equity. A portion of the proceeds were used to pay off long-term debt with an affiliate, as well as make equity distributions to its members. The Company had approximately $97,663,000 and $118,195,000 outstanding under the Credit Agreement as of December 31, 2016 and 2015, respectively.

Under the Credit Agreement, the Company also obtained access to a revolving credit facility in an aggregate principal amount not to exceed $7,500,000, which may be used for general working capital purposes, capital expenditures, and permitted acquisitions. The unused borrowing capacity is subject to a commitment fee of 0.5% per year and all outstanding amounts under the revolving credit facility are due upon maturity of the Credit Agreement on December 6, 2018. There were no amounts outstanding on the revolving credit facility as of December 31, 2016 and 2015.

Outstanding amounts under the Credit Agreement bear interest at LIBOR or a base rate, plus an applicable margin that ranges from 7.00% to 7.50% for base rate loans and from 6.00% to 6.50% for LIBOR loans, based upon the Company's leverage ratio on a consolidated basis. At December 31, 2016, interest on the Credit Agreement was 6.50%.

The outstanding principal balance of the Credit Agreement is scheduled to be repaid through varying periodic principal payments with all remaining unpaid interest and principal due upon maturity at December 6, 2018. In addition to the scheduled periodic payments, the Company is required to pay an additional principal amount equal to the difference between (i) 50% of the Excess Cash Flow of the Company's fiscal year (as defined in the Credit Agreement) minus (ii) the aggregate amount of optional prepayments of the Credit Agreement made during the fiscal year. As part of the 2015 Credit Agreement modification, the Company received a waiver deferring the Excess Cash Flow requirement until 2017.

On December 6, 2013, the Company entered into a Senior Subordinated Note Purchase Agreement ("Note Agreement") with certain members of the Company. Borrowings under the Note Agreement bore interest at 13%, of which each fiscal quarter 11% was paid in cash and 2% could be capitalized to the principal balance of the Note Agreement or paid in cash at the option of the Company. On October 9, 2015, this note was paid in full in conjunction with the modifications made to the Credit Agreement described above. The amount of related party interest expense paid under the Note Agreement during 2015 and 2014 was approximately $4,407,000 and $4,328,000, respectively.

The Credit Agreement is secured by all property and assets of the Company and the Note Agreement was subordinated to the Credit Agreement. Furthermore, the Credit Agreement obligates the Company to comply with customary affirmative, financial, and restrictive covenants including financial reporting, governance, and notification requirements. At December 31, 2016, the Company was in compliance with these requirements.

Effective January 1, 2016, the Company adopted ASU 2015-03, "Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," which requires debt issuance costs to be presented in the consolidated balance sheet as a direct deduction from the carrying value of the associated debt liabilities, and amortization of those costs should be reported as interest expenses. This new guidance required retrospective application for each period presented in the consolidated balance sheet. Adoption of this guidance resulted in the reclassification of approximately $1,303,000 of unamortized debt issuance costs to the long-term portion of the Company's debt as of December 31, 2015.

During 2015, as part of obtaining additional financing from its senior lender, the Company wrote off approximately $577,000 in previous debt issue costs related to the senior subordinated note which is included in loss on early extinguishment of debt on the accompanying consolidated statements of income and members' equity. Amortization expense related to debt issue costs for the years ended December 31, 2016, 2015 and 2014 was approximately $447,000, $565,000 and $604,000, respectively.

Future maturities of long-term debt as of December 31, 2016 are as follows:

Year Ending December 31,	**Debt**	**Unamortized Debt Discount and Debt Issuance Costs**	**Total**
2017	$ 6,658,865	$ (439,508)	$ 6,219,357
2018	91,004,448	(1,266,162)	89,738,286
	$ 97,663,313	$ (1,705,670)	$ 95,957,643

3. Commitments and Contingencies

From time to time the Company may be involved in claims and litigation arising in the ordinary course of business. Because there are inherent uncertainties in the ultimate outcome of such matters, it is presently not possible to determine the ultimate outcome of any potential claims or litigation against the Company; however, management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operation or liquidity.

The Company leases equipment under non-cancelable capital and operating leases which expire at various dates through 2017. Total rent expense in connection with operating leases, including those for equipment leased under cancelable lease terms, for the years ended December 31, 2016, 2015 and 2014 was approximately $10,000, $9,300 and $8,500, respectively. Approximate future minimum lease payments are as follows:

Year Ending December 31,	**Operating**	**Capital**
2017	$ 10,790	$ 160,316
Total minimum lease payments	$ 10,790	160,316
Less: amount representing interest		(13,945)
Present value of net minimum lease payments		$ 146,371

The following describes property and equipment which have been classified as capital leases:

December 31,	**2016**	**2015**
Autos and trucks	$ 320,000	$ 320,000
	320,000	320,000
Less: accumulated amortization	(200,417)	(135,417)
Property and Equipment, net	$ 119,583	$ 184,583

4. Related Party Transactions

For the years ended December 31, 2016, 2015 and 2014, the Company recognized approximately $336,000, $617,000 and $973,000, respectively, in management fees with the majority member of the Company, which is included in the accompanying consolidated statements of income and members' equity. At December 31, 2016 and 2015, approximately $81,000 and $0, respectively, was due to the majority member.

During 2015 and through September 2016, the Company had a shared services arrangement with another portfolio company of the majority member whereby certain administrative services and personnel costs were shared.

Refer to Note 2 for information related to distributions made to Members and for information related to the Company's long-term debt with an affiliate.

5. Other Operating Expenses

The Company incurred other expenses included in the accompanying consolidated statements of income and members' equity, as follows:

Year Ending December 31,	2016	2015	2014
Legal expenses and other related expenses(1)	$ 2,205,625	$ -	$ -
Severance expenses	890,249	-	-
Loss on disposal of property, plant and equipment	11,075	620,240	-
Transaction costs	-	-	277,601
Other	30,090	-	-
	$ 3,137,039	$ 620,240	$ 277,601

(1) Legal expenses and other related expenses were related to the Company's patent infringement lawsuit, which was settled during 2016.

6. Concentrations

The Company's customer concentration may impact its overall credit risk, either positively or negatively, in that these entities may be similarly affected by changes in economic or other conditions affecting the chemicals industry.

For the year ended December 31, 2016, the Company generated approximately 28% of its sales from two customers (16% and 12%). The amount due from these customers at December 31, 2016 was approximately $5,400,000. For the year ended December 31, 2015, the Company generated approximately 21% of its sales from one customer. The amount due from this customer at December 31, 2015 was approximately $572,000. For the year ended December 31, 2014, the Company generated approximately 30% of its revenue from one customer.

For the year ended December 31, 2016, two vendors comprised 41% (23% and 18%) of purchases. The amount due to these vendors was approximately $1,390,000 at December 31, 2016. For the year ended December 31, 2015, two vendors comprised 48% (24% and 24%) of purchases. The amount due to these vendors was approximately $597,000 at December 31, 2015.

7. Subsequent Events

The Company entered into an agreement to be acquired by a third party Company in April 2017 for cash of $495 million. The Acquisition is anticipated to close in June 2017.

Exhibit 99.2

FLOWCHEM HOLDINGS, LLC
AND SUBSIDIARIES

Condensed Consolidated Financial Statements

As of March 31, 2017 and December 31, 2016 and for the Three Months
Ended March 31, 2017 and 2016
(Unaudited)

FLOWCHEM HOLDINGS, LLC AND SUBSIDIARIES

Contents

Condensed Consolidated Financial Statements
(Unaudited)

FLOWCHEM HOLDINGS, LLC AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(Unaudited)

	March 31, 2017	December 31, 2016
Assets		
Current Assets		
Cash and cash equivalents	$ 3,636,622	$ 6,592,281
Receivables, net of allowance of $108,000, respectively	15,662,440	16,187,180
Inventories	6,316,708	4,304,426
Other current assets	580,998	309,282
Total Current Assets	26,196,768	27,393,169
Property, Plant, and Equipment, net	21,041,474	20,585,565
Other Intangible Assets, net	51,653,969	53,337,633
Goodwill	116,369,900	116,369,900
Total Assets	$ 215,262,111	$ 217,686,267
Liabilities and Members' Equity		
Current Liabilities		
Accounts payable	$ 3,694,498	$ 3,901,351
Accrued expenses	798,345	1,188,416
Accrued interest	509,991	555,413
Income taxes payable	131,070	109,885
Capital lease obligations	-	146,371
Current maturities of debt, net of debt discount and debt issuance costs	5,655,300	6,219,357
Total Current Liabilities	10,789,204	12,120,793
Long-Term Debt, net of current maturities and debt discount and debt issuance costs	82,070,330	89,738,286
Deferred Income Taxes	1,269,632	1,144,379
Total Liabilities	94,129,166	103,003,458
Commitments and Contingencies (Note 8)		
Members' Equity	121,132,945	114,682,809
Total Liabilities and Members' Equity	$ 215,262,111	$ 217,686,267

See accompanying notes to the unaudited condensed consolidated financial statements.

FLOWCHEM HOLDINGS, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Income
(Unaudited)

Three Months Ended March 31,	2017	2016
Net Sales	$ 21,758,807	$ 19,382,434
Cost of Sales	10,204,084	9,227,316
Gross Profit	11,554,723	10,155,118
Operating Expenses		
Selling, general and administrative	1,283,592	1,153,782
Management fees	243,883	213,265
Amortization expense	1,683,664	1,683,664
Total Operating Expenses	3,211,139	3,050,711
Income from Operations	8,343,584	7,104,407
Other (Income) Expenses		
Interest expense	1,658,914	1,973,578
Other expenses	88,198	88,264
Gain on insurance claim	-	(609,204)
Total Other Expenses	1,747,112	1,452,638
Income Before Income Tax Expense	6,596,472	5,651,769
Income Tax Expense	146,336	7,553
Net Income	$ 6,450,136	$ 5,644,216

See accompanying notes to the unaudited condensed consolidated financial statements.

FLOWCHEM HOLDINGS, LLC AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(Unaudited)

Three Months Ended March 31,		2017		2016
Cash Flows from Operating Activities				
Net income	$	6,450,136	$	5,644,216
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		522,828		387,070
Amortization of intangible assets		1,683,664		1,683,664
Amortization of debt discount and debt issuance costs		222,479		222,478
Deferred tax expense (benefit)		125,253		(16,878)
(Gain) on insurance claim		-		(609,204)
Changes in operating assets and liabilities:				
Receivables		524,740		526,842
Inventories		(2,012,282)		(1,881,720)
Other current assets		(271,716)		(1,556,815)
Accounts payable		(206,853)		(2,510,094)
Accrued expenses		(390,071)		(1,249,787)
Accrued interest		(45,422)		(30,855)
Income taxes payable		21,185		24,430
Net Cash Provided By Operating Activities		6,623,941		633,347
Cash Flows from Investing Activities				
Proceeds from disposal of assets		113,750		-
Proceeds from insurance claim		-		2,358,438
Purchases of property, plant, and equipment		(1,092,487)		(1,937,451)
Net Cash Used In Investing Activities		(978,737)		420,987
Cash Flows from Financing Activities				
Principal payments for capital lease obligations		(146,371)		(15,477)
Payments on long-term debt		(8,454,492)		(5,461,867)
Net Cash Used In Financing Activities		(8,600,863)		(5,477,344)
Net Decrease in Cash and Cash Equivalents		(2,955,659)		(4,423,010)
Cash and Cash Equivalents - Beginning of Period		6,592,281		7,657,718
Cash and Cash Equivalents - End of Period	$	3,636,622	$	3,234,708
Supplemental Cash Flow Information				
Cash paid for interest	$	1,595,798	$	1,949,323
Cash paid (refund) for income taxes	$	(102)	$	-

See accompanying notes to the unaudited condensed consolidated financial statements.

1. Organization and Nature of Operations

Flowchem Holdings, LLC (“Holdings”) is a Delaware limited liability company which was formed in October 2013. Effective December 6, 2013, Holdings acquired Flowchem Ltd. and Subsidiaries and then simultaneously merged Flowchem Ltd. into Flowchem, LLC (“Flowchem”) at which time planned principal operations commenced. Holdings is primarily engaged in manufacturing and distribution of chemical drag reduction agents for use in the crude and refined oil pipeline industry worldwide as well as providing field and delivery services for its customers. The Company is headquartered in Waller, Texas.

The Holdings operating agreement states that Holdings will remain in existence until termination and dissolution in accordance with the Members’ agreement.

2. Basis of Presentation

Interim Financial Information

The unaudited condensed consolidated financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America, or GAAP, for interim financial reporting. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted. Therefore, these condensed consolidated financial statements should be read along with the annual audited consolidated financial statements and notes thereto for the years ended December 31, 2016, 2015 and 2014. The balances as of December 31, 2016, were derived from the audited consolidated financial statements. In management’s opinion, all adjustments necessary for a fair statement are reflected in the interim periods presented.

3. Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (‘‘FASB’’) issued Accounting Standards Update (‘‘ASU’’) 2014-09, Revenue from Contracts with Customers. ASU 2014-09 supersedes existing revenue recognition requirements in GAAP and requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. Additionally, it requires expanded disclosures regarding the nature, amount, timing, and certainty of revenue and cash flows from contracts with customers. The ASU is effective for annual and interim reporting periods beginning after December 15, 2016, using either a full or a modified retrospective application approach. The Company is in the initial stages of evaluating the effect of the standard on the consolidated financial statements and continues to evaluate the available transition methods.

In February 2016, the FASB issued ASU No, 2016-02, Leases, amending the current accounting for leases. Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. All other leases will fall into one of two categories: (i) a financing lease or (ii) an operating lease. Lessor accounting remains substantially unchanged with the exception that no leases entered into after the effective date will be classified as leveraged leases. For sale leaseback transactions, a sale will only be recognized if the criteria in the new revenue recognition standard are met. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim within that reporting period, using a modified retrospective approach. Early adoption is permitted. The Company is in the initial stages of evaluating the effect of the standard on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses. The amendments in ASU 2016-13 require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The amendment is effective for public entities for annual reporting periods beginning after December 15, 2019, however early application is permitted for reporting periods beginning after December 15, 2018. The Company is in the initial stages of evaluating the effect of the standard on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 reduces diversity in practice in how certain transactions are classified in the statement of cash flows. The guidance addresses specific cash flow issues for which current GAAP is either unclear or does not include specific guidance. ASU 2016-15 is effective for annual and interim periods beginning after December 15, 2017. The Company is currently assessing the potential impact of ASU 2016-15 on the consolidated financial statements of cash flows.

In January 2017, the FASB issued ASU 2017-04, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. ASU 2017-04 eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The ASU is effective for annual and interim impairment tests performed in periods beginning after December 15, 2019. Early adoption is permitted for annual and interim goodwill impairment testing dates after January 1, 2017. The ASU will be applied prospectively. We currently do not expect that the adoption of this standard will have a material impact on our consolidated financial statements.

4. Inventories

Inventories consist of the following:

	March 31, 2017	December 31, 2016
Finished goods	$ 2,858,370	$ 1,281,340
Work-in-progress	2,517,026	2,372,000
Raw materials	941,312	651,086
Inventories	$ 6,316,708	$ 4,304,426

The Company's policy is to record inventory obsolescence as a reduction to its inventory based on a review of inventory quantities on hand and estimated sales forecasts based on sales history and anticipated future demand. At March 31, 2017 and December 31, 2016, no inventory obsolescence reserves were established by the Company.

5. Property, Plant, and Equipment

Property, plant, and equipment consist of the following:

	Estimated Useful Lives	March 31, 2017	December 31, 2016
Land	-	$ 1,533,482	$ 1,426,547
Plant	33 years	5,607,801	2,505,350
Building	15 years	3,323,576	3,323,576
Equipment & machinery	3-10 years	10,948,719	10,584,612
Autos & trucks	5 years	2,393,996	2,133,952
		23,807,574	19,974,037
Less: accumulated depreciation		(4,238,213)	(3,926,637)
		19,569,361	16,047,400
Equipment not yet placed in service		1,472,113	4,538,165
Property, plant, and equipment, net		$ 21,041,474	$ 20,585,565

Provisions for depreciation have been computed, on a straight-line basis, over the estimated useful lives of the assets. Depreciation expense was approximately $523,000 and $387,000 for the three months ended March 31, 2017 and 2016, respectively, and is included in cost of sales in the condensed consolidated statements of income.

In July 2015, the Company's Brookshire facility suffered a loss due to fire. Facility building and equipment were destroyed in the fire. The loss was covered by the Company's insurance policy. The Company recognized a gain of approximately $609,000 from insurance proceed net of related costs for the three months ended March 31, 2016. The insurance claims were fully settled in August 2016.

6. Other Intangible Assets

Other intangible assets consist of the following:

	March 31, 2017			
	Estimated Useful Lives	Original Amount	Accumulated Amortization	Net Amount
Trade names	Indefinite	$ 12,314,000	$ -	$ 12,314,000
Customer relationships	8 years	37,529,000	(15,584,959)	21,944,041
Patents	12 years	23,944,000	(6,628,940)	17,315,060
Non-compete covenant	5 years	241,000	(160,132)	80,868
Total		$ 74,028,000	$ (22,374,031)	$ 51,653,969

	December 31, 2016						
	Estimated Useful Lives		Original Amount		Accumulated Amortization		Net Amount
Trade names	Indefinite	$	12,314,000	$	-	$	12,314,000
Customer relationships	8 years		37,529,000		(14,412,178)		23,116,822
Patents	12 years		23,944,000		(6,130,107)		17,813,893
Non-compete covenant	5 years		241,000		(148,082)		92,918
Total		$	74,028,000	$	(20,690,367)	$	53,337,633

Amortization expense for the finite-lived other intangible assets was approximately $1,684,000 for each of the three months ended March 31, 2017 and 2016.

As of March 31, 2017, future amortization expense for other intangible assets is as follows:

12 Months Period Ending March 31,		
2018	$	6,734,658
2019		6,719,127
2020		6,686,458
2021		6,686,458
2022		5,174,874
Thereafter		7,338,394
	$	39,339,969

7. Long-Term Debt

On December 6, 2013, the Company entered into a Senior Secured Credit Agreement (“Credit Agreement”) with various financial institutions for an original amount of $77,000,000. On October 9, 2015, the Company modified its Credit Agreement to increase the original amount borrowed. The modified agreement allowed the Company to borrow an additional amount of approximately $62,000,000 before fees paid to the institutions of approximately $1,400,000. As part of the modification, the $1,400,000 was treated as a discount to the principal balance and is being amortized to interest expense over the life of the Credit Agreement using the straight line method which approximates the effective interest method. Amortization expense related to the debt discount was approximately $111,000 for the three months ended March 31, 2017 and 2016, and is included in interest expense in the condensed consolidated statements of income. A portion of the proceeds were used to pay off long-term debt with an affiliate, as well as make equity distributions to its members. The Company had approximately $89,209,000 and $97,663,000 outstanding under the Credit Agreement as of March 31, 2017 and December 31, 2016, respectively.

Under the Credit Agreement, the Company also obtained access to a revolving credit facility in an aggregate principal amount not to exceed $7,500,000, which may be used for general working capital purposes, capital expenditures, and permitted acquisitions. The unused borrowing capacity is subject to a commitment fee of 0.5% per year and all outstanding amounts under the revolving credit facility are due upon maturity of the Credit Agreement on December 6, 2018. There were no amounts outstanding on the revolving credit facility as of March 31, 2017 and December 31, 2016.

Outstanding amounts under the Credit Agreement bear interest at LIBOR or a base rate, plus an applicable margin that ranges from 7.00% to 7.50% for base rate loans and from 6.00% to 6.50% for LIBOR loans, based upon the Company's leverage ratio on a consolidated basis. At March 31, 2017, interest on the Credit Agreement was 6.50%.

The outstanding principal balance of the Credit Agreement is scheduled to be repaid through varying periodic principal payments with all remaining unpaid interest and principal due upon maturity at December 6, 2018. In addition to the scheduled periodic payments, the Company is required to pay an additional principal amount equal to the difference between (i) 50% of the Excess Cash Flow of

the Company's fiscal year (as defined in the Credit Agreement) minus (ii) the aggregate amount of optional prepayments of the Credit Agreement made during the fiscal year. As part of the 2015 Credit Agreement modification, the Company received a waiver deferring the Excess Cash Flow requirement until 2017.

The Credit Agreement is secured by all property and assets of the Company. Furthermore, the Credit Agreement obligates the Company to comply with customary affirmative, financial, and restrictive covenants including financial reporting, governance, and notification requirements. At March 31, 2017, the Company was in compliance with these requirements.

Effective January 1, 2016, the Company adopted ASU 2015-03, "Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," which requires debt issuance costs to be presented in the consolidated balance sheet as a direct deduction from the carrying value of the associated debt liabilities, and amortization of those costs should be reported as interest expenses. Future maturities of long-term debt as of March 31, 2017 are as follows:

12 Months Period Ending March 31,	Debt	Unamortized Debt Discount and Debt Issuance Costs	Total
2018	$ 6,545,214	$ (889,914)	$ 5,655,300
2019	82,663,607	(593,277)	82,070,330
	$ 89,208,821	$ (1,483,191)	$ 87,725,630

8. Commitments and Contingencies

From time to time the Company may be involved in claims and litigation arising in the ordinary course of business. Because there are inherent uncertainties in the ultimate outcome of such matters, it is presently not possible to determine the ultimate outcome of any potential claims or litigation against the Company; however, management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operation or liquidity.

9. Related Party Transactions

For the three months ended March 31, 2017 and 2016, the Company recognized approximately $244,000 and $213,000, respectively, in management fees with the majority member of the Company, which is included in the accompanying condensed consolidated statements of income. At March 31, 2017 and December 31, 2016, approximately $0 and $81,000, respectively, was due to the majority member.

Through September 2016, the Company had a shared services arrangement with another portfolio company of the majority member whereby certain administrative services and personnel costs were shared.

10. Concentrations

The Company's customer concentration may impact its overall credit risk, either positively or negatively, in that these entities may be similarly affected by changes in economic or other conditions affecting the chemicals industry.

For the three months ended March 31, 2017, the Company generated approximately 31% of its sales from two customers (18% and 14%). The amount due from these customers at March 31, 2017 was approximately $5,135,000. For the three months ended March 31, 2016, the Company generated approximately 24% of its sales from two customers (14% and 10%). The amount due from these customers at March 31, 2016 was approximately $754,000.

11. Subsequent Events

Management has evaluated subsequent events through June 14, 2017, the date which the financial statements were available to be issued.

The Company entered into an agreement to be acquired by a third party company in April 2017 for cash of $495 million. The acquisition is anticipated to close in June 2017.

EXHIBIT 99.3

Unaudited Pro Forma Condensed Consolidated Financial Statements

On June 15, 2017, the KMG Chemicals, Inc. ("KMG" or the "Company") completed the acquisition of Flowchem Holdings LLC ("Flowchem") pursuant to the terms of a previously announced Purchase Agreement and Plan of Merger (the "Purchase Agreement") among the Company, KMG FC, LLC, a wholly owned subsidiary of the Company ("Merger Sub"), Flowchem, Arsenal Capital Partners III-B, LP ("Blocker Seller") and ACP Flowchem LLC in its capacity as the representative. At the closing, Merger Sub merged into Flowchem, with Flowchem surviving as a wholly owned subsidiary of the Company. The Company also acquired all of the outstanding shares of capital stock of ACP-Flowchem Blocker Inc. from Blocker Seller.

The following unaudited pro forma condensed consolidated financial statements and related notes are derived from the historical condensed consolidated financial statements of KMG and Flowchem after giving effect to KMG's acquisition. The unaudited pro forma condensed consolidated balance sheet as of April 30, 2017 gives effect to the Flowchem acquisition as if it occurred on that date. The unaudited pro forma condensed consolidated statements of income for the nine months ended April 30, 2017 and for the year ended July 31, 2016 give effect to the Flowchem acquisition as if it occurred on August 1, 2015, using the purchase method of accounting, as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 805, *Business Combinations*, with KMG acting as the acquirer.

The Flowchem acquisition has been accounted for using the acquisition method of accounting and, accordingly, the tangible and intangible assets acquired and liabilities assumed in this transaction have been recorded at their estimated fair values. As noted above, the Flowchem acquisition was consummated on June 15, 2017. Accordingly, the preliminary purchase price allocation for the Flowchem acquisition has been reflected in the accompanying pro forma condensed consolidated balance sheet as of April 30, 2017. Such allocation should be considered preliminary as the Company is awaiting the completion of several items, including the finalization of its independent appraisal and valuation for purposes of valuing the acquired tangible and intangible assets. As such, there may be material changes to the initial allocation reflected herein as those remaining items are finalized.

KMG's historical condensed consolidated statement of income for the year ended July 31, 2016 was derived from its audited consolidated financial statements as reported in its Annual Report on Form 10-K for the year ended July 31, 2016. KMG's historical condensed consolidated statement of income for the nine months ended April 30, 2017, and condensed consolidated balance sheet as of April 30, 2017, were derived from its unaudited interim condensed consolidated financial statements as reported in its Quarterly Report on Form 10-Q for the period ended April 30, 2017.

Since Flowchem has historically reported financial results using a December 31 fiscal year-end, the Flowchem financial information must be adjusted to more closely conform to KMG's fiscal year-end for purposes of these unaudited pro forma condensed consolidated financial statements. Therefore, the historical financial information for Flowchem has been adjusted to the twelve months ended June 30, 2016 and the nine months ended March 31, 2017. The amounts for the twelve months ended June 30, 2016 were derived by adding the six months ended December 31, 2015 to the Flowchem year-end amounts for the year ended December 31, 2016, and removing the amounts for the six months ended December 31, 2016. Those amounts for the six months ended December 31, 2016 were added to the Flowchem amounts for the three months ended March 31, 2017, resulting in the financial information for the nine months ended March 31, 2017.

The unaudited pro forma condensed consolidated financial statements presented below are based on the assumptions and adjustments described in the accompanying notes. Such unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of what the Company's financial position or results of operations would have been had the Flowchem acquisition been consummated on the dates indicated, nor are they necessarily indicative of what the Company's financial position or results of operations will be in future periods. The historical financial information has been adjusted to give effect to estimated pro forma events that are directly attributable to the acquisition, factually supportable and, with respect to the unaudited pro forma condensed consolidated statements of income, expected to have a continuing impact on the consolidated results of operations. Additionally, the unaudited pro forma condensed consolidated financial information does not reflect the cost of any integration activities or benefits that may result from synergies that may be derived from any integration activities. Operating results for the nine months ended April 30, 2017 are not indicative of the results that may be expected for the year ending July 31, 2017. The unaudited pro forma condensed consolidated financial statements, and accompanying notes thereto, should be read in conjunction with the historical audited and unaudited financial statements, and accompanying notes thereto, of KMG, as reported in the Company's Annual Report on Form 10-K for the year ended July 31, 2016 and its Quarterly Report on Form 10-Q for the quarterly period ended April 30, 2017, and of Flowchem, which are included elsewhere in this Current Report on Form 8-K/A.

KMG CHEMICALS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF APRIL 30, 2017
(In thousands, except for share and per share amounts)

	KMG Historical as of April 30, 2017	Flowchem Historical as of March 31, 2017	Pro Forma Adjustments	Notes	Pro Forma Combined
Assets					
Current assets					
Cash and cash equivalents	$ 14,097	$ 3,637	$ (2,778)	(a)	$ 14,956
Accounts receivable					
Trade, net of allowances	39,098	15,662	—		54,760
Other	3,230	—	—		3,230
Inventories, net	38,868	6,317	—		45,185
Prepaid expenses and other	7,105	581	—		7,686
Total current assets	102,398	26,197	(2,778)		125,817
Property, plant and equipment, net	81,725	21,041	955	(b)	103,721
Goodwill	24,648	116,370	32,645	(d)	173,663
Intangible assets, net	38,508	51,654	288,253	(c)	378,415
Other assets, net	5,152	—	1,020	(f)	6,172
Total assets	$ 252,431	$ 215,262	$ 320,095		$ 787,788
Liabilities and stockholders' equity					
Current liabilities					
Accounts payable	$ 25,867	$ 3,695	131	(m)	$ 29,693
Income taxes payable	—	131	(131)	(m)	—
Accrued liabilities	12,265	798	688	(l)	15,530
			510	(m)	
			1,269	(n)	
Accrued interest	—	510	(510)	(m)	—
Current maturities of long-term debt	—	5,655	(2,162)	(e)	3,493
Employee incentive accrual	4,190	—	—		4,190
Total current liabilities	42,322	10,789	(205)		52,906
Long-term debt	34,000	82,070	419,259	(e)	535,329
Deferred tax liabilities	9,434	1,270	24,516	(g)	35,220
Other long-term liabilities	4,459	—	—		4,459
Total liabilities	90,215	94,129	443,570		627,914
Commitments and contingencies					
Stockholders' equity					
Preferred stock, $0.01 par value, 10,000,000 shares authorized, none issued	—	—	—		—
Common stock, $0.01 par value, 40,000,000 shares authorized, 11,887,513 shares issued and outstanding at April 30, 2017	119	—	—		119
Members' equity	—	121,133	(121,133)	(h)	—
Additional paid-in capital	40,557	—	—		40,557
Accumulated other comprehensive loss	(14,251)	—	—		(14,251)
Retained earnings	135,791	—	(257)	(f)	133,449
			(128)	(k)	
			(688)	(l)	
			(1,269)	(n)	
Total stockholders' equity	162,216	121,133	(123,475)		159,874
Total liabilities and stockholders' equity	$ 252,431	$ 215,262	$ 320,095		$ 787,788

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

KMG CHEMICALS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED APRIL 30, 2017
(In thousands, except for per share amounts)

	KMG Historical Nine Months Ended April 30, 2017	Flowchem Historical Nine Months Ended March 31, 2017	Pro Forma Adjustments	Notes	Pro Forma Combined
Net sales	$ 237,182	$ 66,010	—		$ 303,192
Cost of sales	143,787	32,415	111	(b)	176,313
Gross profit	93,395	33,595	(111)		126,879
Distribution expenses	28,329	—	—		28,329
Selling, general and administrative expenses (1)	37,909	10,673	4,277	(c)	52,859
Restructuring charges	70	—	—		70
Operating income	27,087	22,922	(4,388)		45,621
Other (expense) income					
Interest expense, net	(650)	(5,801)	(13,968)	(i)	(20,419)
Gain on insurance claims	—	3,612	—		3,612
Other, net	88	—	—		88
Total other expense, net	(562)	(2,189)	(13,968)		(16,719)
Income before income taxes	26,525	20,733	(18,356)		28,902
Provision for income taxes	(8,232)	(616)	(216)	(j)	(9,064)
Net income	$ 18,293	$ 20,117	$ (18,572)		$ 19,838
Earnings per share					
Net income per common share basic	$ 1.54				$ 1.67
Net income per common share diluted	$ 1.50				$ 1.62
Weighted average shares outstanding					
Basic	11,884				11,884
Diluted	12,236				12,236

(1) Selling, general and administrative expenses of Flowchem includes management fees and amortization expense to be consistent with the Company's presentation of selling, general and administrative expenses.

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

KMG CHEMICALS, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED JULY 31, 2016
(In thousands, except for per share amounts)

	KMG Historical Year Ended July 31, 2016	Flowchem Historical Year Ended June 30, 2016	Pro Forma Adjustments	Notes	Pro Forma Combined
Net sales	$ 297,978	$ 77,863	—		$ 375,841
Cost of sales	182,470	38,082	148	(b)	220,700
Gross profit	115,508	39,781	(148)		155,141
Distribution expenses	36,986	—	—		36,986
Selling, general and administrative expenses (1)	49,192	13,587	5,702	(c)	68,481
Restructuring charges	1,629	—	—		1,629
Realignment charges	130	—	—		130
Operating income	27,571	26,194	(5,850)		47,915
Other (expense) income					
Interest expense, net	(799)	(10,225)	(19,395)	(i)	(30,419)
Gain on purchase of NFC	1,826	—	—		1,826
Gain on insurance claims	—	489	—		489
Other, net	(368)	—	—		(368)
Total other (expense) income, net	659	(9,736)	(19,395)		(28,472)
Income before income taxes	28,230	16,458	(25,245)		19,443
Provision for income taxes	(9,555)	(23)	3,099	(j)	(6,479)
Net income	$ 18,675	$ 16,435	$ (22,146)		$ 12,964
Earnings per share					
Net income per common share basic	$ 1.59				$ 1.11
Net income per common share diluted	$ 1.57				$ 1.09
Weighted average shares outstanding					
Basic	11,719				11,719
Diluted	11,926				11,926

(1) Selling, general and administrative expenses of Flowchem includes management fees, amortization expense and other operating expenses to be consistent with the Company's presentation of selling, general and administrative expenses.

See accompanying notes to unaudited pro forma condensed consolidated financial statements.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Transaction and Basis of Presentation

On June 15, 2017, the KMG Chemicals, Inc. (the "Company") completed the acquisition of Flowchem Holdings LLC ("Flowchem") pursuant to the terms of a previously announced Purchase Agreement and Plan of Merger (the "Purchase Agreement") among the Company, KMG FC, LLC, a wholly owned subsidiary of the Company ("Merger Sub"), Flowchem, Arsenal Capital Partners III-B, LP ("Blocker Seller") and ACP Flowchem LLC in its capacity as the representative. At the closing, Merger Sub merged into Flowchem, with Flowchem surviving as a wholly owned subsidiary of the Company. The Company also acquired all of the outstanding shares of capital stock of ACP-Flowchem Blocker Inc. from Blocker Seller. The consideration paid on the closing was the purchase price of $495.0 million plus $11.2 million for estimated cash acquired.

The financial data in the unaudited pro forma condensed consolidated financial statements are presented in U.S. dollars and have been prepared in accordance with the Company's accounting policies that conform to U.S. GAAP and the rules and regulations of SEC Regulation S-X.

The historical consolidated financial information has been adjusted in the unaudited pro forma condensed consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable and (3) with respect to the unaudited pro forma condensed consolidated statements of income, are expected to have a continuing impact on the results of operations.

The accompanying pro forma financial statements do not reflect the financial impact of any future cost savings, restructurings, synergies, integration costs or non-recurring activities and one-time transaction costs that may be realized or incurred in subsequent reporting periods. As the pro forma financial statements reflect only those adjustments that are expected to have a continuing impact on the results of operations, there may be certain non-recurring charges not reflected on the pro forma condensed consolidated statements of income that will be included in the actual consolidated statements of income of the Company following the closing of the acquisition.

The Company has accounted for the acquisition under the acquisition method of accounting in accordance with the authoritative guidance on business combinations under the provisions of Accounting Standards Codification ("ASC") 805, *Business Combinations*. The allocation of the purchase price as reflected in the unaudited pro forma condensed consolidated financial information was based on a preliminary valuation of the assets acquired and liabilities assumed, and the accounting is subject to revision as more detailed analyses are completed and additional information about the fair value of assets acquired and liabilities assumed becomes available. This allocation of the purchase price depends upon certain estimates and assumptions, all of which are preliminary and, in some instances, are incomplete and have been made for the purpose of providing unaudited pro forma condensed consolidated financial information. Differences between these preliminary estimates and the final purchase accounting may occur, and these differences could be material.

The unaudited pro forma condensed consolidated financial information is presented solely for informational purposes and is not necessarily indicative of the combined results of operations or financial position that might have been achieved for the periods presented, nor is it necessarily indicative of the future results of the combined company.

2. Financing Transactions

To finance the acquisition of Flowchem, on June 15, 2017, the Company entered into a new credit agreement (the "New Credit Facility"), by and among the Company, KeyBank National Association, as agent, KeyBanc Capital Markets Inc., HSBC Securities (USA) Inc., and JPMorgan Chase Bank, N.A., as joint lead arrangers and joint bookrunners and ING Capital LLC, as documentation agent. The New Credit Facility provides for (i) a seven year syndicated senior secured term loan of $550 million and (ii) a five year senior secured revolving credit facility of $50 million.

The New Credit Facility and related loan documents replace the Company's prior second amended and restated credit agreement with Wells Fargo Bank, National Association, Bank of America, N.A., HSBC Bank USA, National Association and JPMorgan Chase Bank, N.A. (the "Prior Credit Facility"). The Prior Credit Facility, and all commitments thereunder, were terminated effective June 15, 2017.

The proceeds from the term loan under the New Credit Facility were used to finance the acquisition of Flowchem, pay the costs and expenses related to the acquisition, and to repay in full the $31 million outstanding indebtedness under the Prior Credit Facility. At the closing of the New Credit Facility on June 15, 2017, the Company had $550 million borrowed under the new facility. The Company did not draw upon the revolving credit facility at the closing. Loans under the New Credit Facility bear interest at a varying rate of LIBOR plus a margin based on net funded debt to adjusted earnings before interest, taxes, depreciation and amortization. At closing, the term loan under the New Credit Facility bore interest at 5.4089%, which was used in calculating the pro forma adjustments in interest expense.

3. Preliminary Purchase Price Allocation

Under the acquisition method of accounting, the total purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the date of the acquisition. The pro forma purchase price allocation below has been developed based on preliminary estimates of fair value using the adjusted historical financial statements of Flowchem as of March 31, 2017. The consideration paid on the closing was the purchase price of $495.0 million plus $11.2 million for estimated cash acquired. The residual amount of the purchase price after preliminary allocation to identifiable tangible and intangible assets acquired and liabilities assumed has been allocated to goodwill. The Company has not completed the detailed valuation studies necessary to arrive at the required fair values of Flowchem's assets acquired and liabilities assumed. Therefore, the following allocation of the purchase price to acquired assets and assumed liabilities is based on preliminary fair value estimates and subject to final management analysis, with the assistance of third party valuation advisors. The estimated intangible asset values and their useful lives could be affected by a variety of factors that may become known to the Company only upon access to additional information. The actual amounts recorded when the analyses are completed may differ from the pro forma amounts presented as follows (in thousands):

Estimated cash and working capital, net	$	21,063
Property, plant and equipment, net		21,996
Identifiable intangibles		
Trade name		6,591
Trademarks		22,358
Customer relationships		158,361
Proprietary manufacturing process		152,597
Total assets acquired		382,966
Long-term debt		—
Deferred tax liabilities, net		(25,786)
Net identifiable assets acquired		357,180
Goodwill		149,015
Fair value of net assets acquired	$	506,195

Identifiable intangible assets. The estimated fair values of customer relationships are expected to be amortized over the period in which the economic benefit of the intangible asset will be recognized. Trademarks, trade names and proprietary manufacturing process are considered to be indefinite lived, as there are no currently foreseen legal, regulatory, contractual, competitive, economic or other factors that would limit the useful life of the asset to the Company. In the event that management determines that the value of the acquired trademarks, trade names, and proprietary manufacturing process have become impaired, the Company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made.

Goodwill. Approximately $149.0 million has been preliminarily allocated to goodwill. Goodwill represents the excess of the estimated purchase price over the fair values of the underlying tangible and identifiable intangible assets, net of liabilities assumed. Goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management determines that the value of goodwill has become impaired, the Company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made. The Company has determined that approximately 73% of the goodwill, before the effects of the deferred tax liability arising from the acquisition of Flowchem, will be deductible for tax purposes.

4. Adjustments to Unaudited Pro Forma Condensed Consolidated Financial Statements

The following notes relate to the unaudited pro forma condensed consolidated financial statements:

(a) This amount represents adjustments to cash to reflect cash receipts and payments related to the acquisition and the financing of the transaction as follows (in thousands):

Receipts		
Issuance of debt, net of costs and debt discount	$	534,549
Payments		
Cash consideration for acquisition		(506,195)
Repayment of Prior Credit Facility		(31,132)
Net pro forma adjustments to cash and cash equivalents	$	(2,778)

(b) Reflects the adjustment of $0.96 million to increase the basis in the acquired property, plant and equipment to estimated fair value of approximately $22 million. The estimated useful lives range from three to thirty years.

The fair value and useful life calculations are preliminary and subject to change after the Company finalizes its review of the specific types, nature, age, condition and location of Flowchem's property, plant and equipment.

	Year ended July 31, 2016	Nine months ended April 30, 2017
Estimated depreciation expense	$ 1,800	$ 1,475
Historical depreciation expense	(1,652)	(1,364)
Pro forma adjustments to depreciation expense	$ 148	$ 111

(c) Reflects the adjustment of historical intangible assets acquired by the Company to their estimated fair values. As part of the preliminary valuation analysis, the Company identified intangible assets, including trade names, trademarks, proprietary manufacturing process, and customer relationships. The fair value of identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows.

The following notes relate to the unaudited pro forma condensed consolidated income statements for the nine months ended April 30, 2017 and for the year ended July 31, 2016:

	Estimated Fair Value	Estimated Useful Life in Years	Year Ended July 31, 2016 Amortization Expense	Nine Months Ended April 30, 2017 Amortization Expense
Trade name	$ 6,591	Indefinite	—	—
Trademarks	22,358	Indefinite	—	—
Customer relationships	158,361	25	6,334	4,751
Proprietary manufacturing process	152,597	25	6,104	4,578
Identifiable intangible assets acquired	339,907		12,438	9,329
Historical amortization expense			(6,736)	(5,052)
Pro forma adjustments to amortization expense			$ 5,702	$ 4,277

These preliminary estimates of fair value and estimated useful lives will likely differ from final amounts the Company will calculate after completing a detailed valuation analysis, and the difference could have a material impact on the accompanying unaudited pro forma condensed combined financial statements. A 10% change in the valuation of definite lived intangible assets would cause a corresponding increase or decrease in the balance of goodwill and annual amortization expense of approximately $1.2 million, assuming an overall weighted-average useful life of 25 years.

(d) Reflects adjustment to remove Flowchem's historical goodwill of $116.4 million and record goodwill associated with the acquisition of $149.0 million.

(e) The net increase to debt (net of $11.3 million of debt issuance costs and $2.75 million original issue discount) reflects the new debt of $535.9 million incurred to finance the acquisition of Flowchem. The pro forma adjustments reflect the repayment of the $87.7 million of Flowchem's outstanding debt at the closing of the acquisition in accordance with the Purchase Agreement, as well as the repayment of the $31.1 million of outstanding debt under the Prior Credit Facility on the closing date of the New Credit Facility. The pro forma adjustments to debt include (in thousands):

Non-current portion of new term debt issued, net of debt issuance costs of $11.3 million and debt discount of $2.75 million	$	532,461
Flowchem long-term debt, net of debt issuance costs and discount		(82,070)
Prior Credit Facility, repaid at closing		(31,132)
Pro forma adjustment to long-term debt	$	419,259
Current portion of new term debt issued, net of debt issuance costs and debt discount	$	3,493
Flowchem current maturities of debt, net of debt issuance costs and debt discount		(5,655)
Pro forma adjustment to current maturities of debt, net of debt issuance costs and discount	$	(2,162)

(f) Reflects the adjustment to other assets as a result of debt issuance costs of the New Credit Facility and write off of the proportional debt issuance costs associated with the Prior Credit Facility upon its repayment at the time of the acquisition. Debt issuance costs associated with the New Credit Facility have been presented in other assets and are amortized over the life of the facility as the Company has not borrowed under the revolving credit facility. The net increase to other assets includes (in thousands):

New Credit Facility debt issuance costs incurred	$	1,277
Prior Credit Facility debt issuance costs expensed upon repayment		(257)
Pro forma adjustment to other assets	$	1,020

(g) Reflects the adjustment to the deferred tax liabilities resulting from the acquisition. The estimated increase in deferred tax liabilities of $24.5 million stems primarily from the book basis to tax basis difference from the identifiable intangible assets based on an estimated tax rate of 35%. This estimate of deferred income tax balances is preliminary and subject to change based on management's final determination of the fair value of assets acquired and liabilities assumed by jurisdiction.

(h) Reflects the elimination of the historical equity of Flowchem in the amount of $121.1 million.

(i) Represents the net increase to interest expense resulting from interest on the new term debt to finance the acquisition of Flowchem and the amortization of related debt issuance costs, as follows (in thousands):

		Year ended June 30, 2016 and July 31, 2016		Nine months ended March 31, 2017 and April 30, 2017
Elimination of interest expense – Flowchem	$	(9,396)	$	(5,134)
Elimination of amortization of debt issuance costs - Flowchem		(597)		(334)
Elimination of amortization of debt discount - Flowchem		(234)		(332)
Elimination of interest expense and amortization of debt issuance costs - the Company		(799)		(650)
Interest expense on the New Credit Facility at an initial rate of 5.4089%		28,415		18,914
Amortization of new debt issuance costs and debt discount		2,006		1,504
Pro forma adjustments to interest expense	$	19,395	$	13,968

A one-eighth percent variance in the interest rate on the New Credit Facility would result in estimated changes of $0.7 million and $0.5 million in interest expense for the twelve months ended July 31, 2016 and the nine months ended April 30, 2017, respectively.

(j) Reflects the net income tax effect on the pro forma adjusted earnings at the federal statutory rate of 35%, assuming that Flowchem is no longer treated as a limited partnership under the Internal Revenue Code and accordingly, is subject to income-based taxation at the corporate level. The pro forma adjustment to provision for income taxes was calculated by combining Flowchem's historical earnings and the pro forma adjustment to earnings and multiplying by the expected federal statutory rate.

(k) Reflects the adjustment to retained earnings as a result of the recognition of expenses incurred and paid upon the closing of the New Credit Facility.

(l) Reflects the adjustment to retained earnings and accrued liabilities as a result of the recognition of acquisition expenses incurred by the Company.

(m) Reflects the adjustments to reclassify certain liabilities to be consistent with the Company's presentation on the condensed consolidated balance sheet.

(n) Reflects the adjustment to retained earnings and accrued liabilities as a result of the recognition of acquisition expenses incurred by the Flowchem.