

UNITED STATES BANKRUPTCY COURT
DELAWARE BANKRUPTCY COURT

In re: REICHHOLD HOLDINGS US Inc. et al

Case No. 14-12237 (MFW)

Reporting Period: September 30th, 2014 to October 31st, 2014

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month.

Note: Unless otherwise noted, this report covers the operating entity Reichhold, Inc.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	✓		
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	✓		
Schedule of Professional Fees Paid	MOR-1b	✓		
Copies of bank statements		✓		
Cash disbursements journals		✓		
Statement of Operations	MOR-2	✓		
Balance Sheet	MOR-3	✓		
Status of Postpetition Taxes	MOR-4	✓		
Copies of IRS Form 6123 or payment receipt		N/A		
Copies of tax returns filed during reporting period		N/A		
Summary of Unpaid Postpetition Debts	MOR-4	✓		
Listing of aged accounts payable	MOR-4	✓		
Accounts Receivable Reconciliation and Aging	MOR-5	✓		
Debtor Questionnaire	MOR-5	✓		

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Roger L. Willis
Signature of Authorized Individual*

12/3/14
Date

Roger L. Willis
Printed Name of Authorized Individual

CFO
Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
TOTAL DISBURSEMENTS	121,786,534.63
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	517,360.00
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	
TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	121,269,174.63

(A) \$100k better than CF due to re-characterization of \$100K Agent Indemnity Deposit

(D) Other Receipts Summary

Royalty	\$	28,949.72
Rental		75,556.10
Tax Refunds		22,219.00
Schwab Retirement Medical		39,827.05
Freight Claims		28,256.28
Other		15,470.99
	\$	<u>210,279.14</u>

(E) IC Cash

Reichhold Industries Ltd		2,210,183.14
Reichhold Brazil		124,743.35
Other IC		106,177.49
	\$	<u>2,441,103.98</u>

(F) Other expenditures

Procurement Card		710,897.59
Consulting		23,352.49
Employee		6,042.48
Environmental		92,414.93
Human Resources		73,148.32
Legal		0.01
Maintenance & Repair		249,257.60
Customer Rebates		340,329.96
Restructuring		33,975.00
Taxes		49,418.11
Temporary Help		10,717.14
Utilities		219,372.38
Bank Charges LC Fee		38,837.93
Bank Charges Analysis Fee		7,425.45
JPM DIP Loan Funding Return Wire Fee		40.00
	\$	<u>1,855,229.39</u>

In re: REICHHOLD HOLDINGS US Inc. et al
 Debtor
 Case No. 14-12237 (MFW)
 Reporting Period: September 30th, 2014 to October 31st, 2014

MOR 2 - Statement of Operations

(USD, in thousands)	Account Heading	October 31, 2014			
		RHUS	CANADYNE	RI	Total Debtors
	Product Sales Third Party	-	-	38,113,281	38,113,281
	Product Sales Affiliates	-	-	-	-
	Product Sales Intercompany	-	-	3,019,623	3,019,623
	Freight Revenue Third Party	-	-	97,947	97,947
	Freight Revenue Affiliates	-	-	-	-
	Freight Revenue Intercompany	-	-	-	-
	Third Party Royalty Income	-	27,020	-	27,020
	Commissions/Revenue	-	-	597,276	597,276
	Discounts and Allowances	-	-	40,660,595	40,660,595
	Net Sales	-	-	-	-
	Freight Expense	-	-	1,899,228	1,899,228
	Materials Cost	-	-	31,533,813	31,533,813
	Contribution Margin	-	-	7,227,555	7,227,555
	Manufacturing Costs	-	-	4,586,206	4,586,206
	Inventory Adjustments	-	-	166,592	166,592
	Other Manufacturing	-	-	-	-
	Outside Warehousing	-	-	35,134	35,134
	Cost of Goods Sold	-	-	38,220,972	38,220,972
	Gross Profit	-	-	2,439,624	2,439,624
	SGAExpenses - Travel & Entertainment	-	-	157,081	157,081
	SGAExpenses - Communications	-	-	26,154	26,154
	SGAExpenses - Provision for Bad Debt	-	-	(1,856)	(1,856)
	SGAExpenses - Salaries & Wages	-	-	1,282,867	1,282,867
	SGAExpenses - Rental & Lease Fees	-	-	184,018	184,018
	SGAExpenses - Other Taxes	-	-	50,976	50,976
	SGAExpenses - Depreciation	-	-	86,369	86,369
	SGAExpenses - Amortization of Intangible	-	-	-	-
	Amort. of Intang. Assets - Non Operating	-	-	-	-
	SGAExpenses - Pension Expenses	-	-	(50,000)	(50,000)
	SGAExpenses - Advertising and Promotions	-	-	13,243	13,243
	SGAExpenses - Customer Claims	-	-	507,935	507,935
	SGAExpenses - Employee Benefits	-	-	404,717	404,717
	SGAExpenses - Insurance	-	-	102,286	102,286
	SGAExpenses - Property Taxes	-	-	22,917	22,917
	SGAExpenses - Environmental Stewardship	-	-	11,038	11,038
	SGAExpenses - Supplies	-	-	119,778	119,778
	SGAExpenses - Professional Fees / Outsid	-	-	1,369,582	1,369,582
	SGAExpenses - Temporary Services	-	-	1,536	1,536
	SGAExpenses - Maintenance	-	-	17,340	17,340
	SGAExpenses - Utilities	-	-	(3,736)	(3,736)
	SGAExpenses - Other SG&A Expenses	-	-	19,650	19,650
	SGAExpenses - Gain on Asset Disposal	-	-	-	-
	SGAExpenses - Loss on Asset Disposal	-	-	-	-
	SGAExpenses - Loss on Assets Written Off	-	-	-	-
	SGAExpenses - Allocations	-	-	-	-
	SGAExpenses - SSeries/Reclass	-	-	9,869	9,869
	SGAExpenses - Commissions	-	-	-	-
	SGAExpenses - Input	-	-	-	-
	SGAExpenses - Mispst	-	-	-	-

In re: REICHHOLD HOLDINGS US Inc. et al
Debtor

Case No. 14-12237 (MFW)
Reporting Period: September 30th, 2014 to October 31st, 2014

MOR 2 - Statement of Operations

Account Heading	October 31, 2014			
	RHUS	CANADYNE	RI	Total Debtors
Corporate Allocations	-	-	(381,183)	(381,183)
Total SG&A	-	-	3,950,580	3,950,580
Operating Income	-	-	(1,510,957)	(1,510,957)
Interest Income Third Party	-	-	(2,636)	(2,636)
Interest Income Affiliates	-	-	-	-
Interest Income Intercompany	-	-	-	-
Dividend Income Third Party	-	-	-	-
Dividend Income Intercompany	-	-	-	-
Income Rental & Lease Fees - Third Party	-	-	-	-
Income Rental & Lease Fees - Affiliates	-	-	-	-
Foreign Exchange (Gain) Loss, Net	-	-	26,412	26,412
Royalty Income Third Party	-	-	-	-
Royalty Income Intercompany	-	-	-	-
DRSL JV Equity Earnings	-	-	-	-
Other Income	-	-	23,777	23,777
Other Income Total	-	-	3,772,736	3,772,736
Interest Expense	-	-	-	-
Royalty Expense	-	-	-	-
Other Expenses Other	-	-	-	-
DLINC Other Expenses	-	-	3,772,736	3,772,736
Inc. Before Taxes & Extraordinary Items	-	-	(5,307,469)	(5,307,469)
Income Tax Expense Current	-	-	-	-
Income Tax Expense Deferred	-	-	-	-
Income Taxes	-	-	-	-
Extraordinary Items	-	-	(5,307,469)	(5,307,469)
Net Income	-	-	(5,307,469)	(5,307,469)
Net Income Attrib. to NonControlling Int	-	-	-	-
Net Income Attrib. to Company	-	-	0	0

Account Heading	RI	Total Debtors
Professional Fees	514,765	514,765
US Trustee Quarterly Fees	1,300	1,300
Interest Earned on Accumulated Cash	(2,636)	(2,636)
Gain (Loss) on Sale of Equipment	-	-
Other Reorganization Expenses	-	-
Total Reorganization Expenses, Net	513,429	513,429

Memo: Reorganization Items Included Above

Includes amounts paid as part of Oaktree payoff + 30k PBGC Advisor

In re: REICHHOLD HOLDINGS US Inc. et al Debtor
 Case No. 14-12237 (MFW)
 Reporting Period: September 30th, 2014 to October 31st, 2014

MOR 3 - Balance Sheet

(USD, in thousands)	Account Description	RHUS	CANADYNE	RI	October 31, 2014 Total Debtors
	Cash and Cash Equivalents	-	269	12,395,575	12,395,844
	Time Deposits	-	-	-	-
	Restricted Cash	-	-	16,922,423	16,922,423
	Accounts Receivable Trade Third Party	-	-	51,238,508	51,238,508
	Accounts Receivable Trade Affiliates	-	-	8,372,465	8,372,465
	Accounts Receivable Trade Intercompany	-	-	851,208	851,208
	Accounts Receivable Other - Third Party	-	-	(175,011)	(175,011)
	Allowance for Doubtful Accts	-	-	60,066,170	60,066,170
	Accounts Receivable - Net	-	-	17,974,825	17,974,825
	Finished Goods Third Party	-	-	-	-
	Finished Goods Affiliates	-	-	649,439	649,439
	Finished Goods Intercompany	-	-	18,426,389	18,426,389
	Work in Process	-	-	-	-
	Raw Materials Third Party	-	-	-	-
	Raw Materials Affiliates	-	-	-	-
	Raw Materials Intercompany	-	-	-	-
	Inventory	-	-	37,050,652	37,050,652
	Advance Payments	-	-	22,002,847	22,002,847
	Prepaid Expenses	-	-	1,985,122	1,985,122
	Current Derivative Asset	-	-	-	-
	Short Term Loan Receivable - Third Party	-	-	-	-
	Short Term Loan Rec. - Affiliates	-	-	-	-
	Short Term Loan Receivable - Interco.	-	-	-	-
	Current Deferred Tax Asset	-	-	4,643,857	4,643,857
	Other Current Assets Third Party	-	-	-	-
	Other Current Assets Affiliates	-	-	2,157,044	2,157,044
	Other Current Assets Intercompany	-	-	-	-
	Current Assets	269	170,281,648	170,281,917	170,281,917
	Buildings	-	-	6,443,828	6,443,828
	Leasehold Improvements	-	-	1,256,559	1,256,559
	Machinery & Equipment	-	-	42,468,669	42,468,669
	Autos & Trucks	-	-	59,606	59,606
	Furniture & Fixtures	-	-	11,063,952	11,063,952
	Land	-	-	12,163,413	12,163,413
	Construction in Progress	-	-	1,786,103	1,786,103
	Fixed Assets Cost	-	-	75,248,131	75,248,131
	Accumulated Depreciation Buildings	-	-	(2,458,097)	(2,458,097)
	Accumulated Depreciation L/H Improve	-	-	(84,063)	(84,063)
	Accumulated Depreciation Mach. & Equip.	-	-	(19,843,221)	(19,843,221)
	Accumulated Depreciation Autos & Trucks	-	-	(54,738)	(54,738)
	Accumulated Depreciation Furn. & Fix.	-	-	(6,679,436)	(6,679,436)
	Accumulated Depreciation	-	-	(29,119,555)	(29,119,555)
	Fixed Assets	-	-	46,128,576	46,128,576
	Goodwill	-	-	-	-
	Investment in Non Consolidated Subs	-	-	-	-
	Investment in Consolidated Subsidiaries	-	-	-	-
	Investment in Other Securities	55,346,750	-	(59,557,654)	(4,209,104)
	Long Term Loans Rec Third Party	-	-	-	-
	Long Term Loans Receivable Affiliates	-	-	-	-
	Long Term Loans Receivable Intercompany	0	-	56,615,554	56,615,554
	Intangible Assets	-	-	-	-
	Long Term Derivative Asset	-	-	-	-
	Pension Assets	-	-	-	-
	Long Term Deferred Tax Asset	-	-	-	-
	Deferred Opening Bal Sheet Adjusts	-	-	5,309,132	5,309,132
	Other Assets Other	-	-	-	-
	Assets	55,346,750	269	218,777,056	274,126,075
	Short Term Loans Payable - Third Party	-	-	53,192,000	53,192,000
	Short Term Loans Payable - Affiliates	-	-	-	-
	Short Term Loans Payable - Intercompany	-	-	135,346,719	135,346,719
	Current Portion Lt Loans Payable-Third Party	-	-	-	-
	Current Portion Lt Loans Payable-Affi	-	-	-	-
	Current Portion Lt Loans Pay - Interco	-	-	-	-
	Current Portion Mid Term Notes Payable	-	-	-	-
	Current Portion Cap. Lease Obligations	-	-	917	917
	Accounts Payable Trade - Third Party	-	-	49,126,341	49,126,341

In re: REICHHOLD HOLDINGS US Inc. et al Debtor

Case No. 14-12237 (MFW)
Reporting Period: September 30th, 2014 to October 31st, 2014

MOR 3 - Balance Sheet

(USD, in thousands)	RHUS	CANADYNE	RI	October 31, 2014 Total Debtors
Accounts Payable Trade - Affiliates	-	-	2,130,750	2,130,750
Accounts Payable Trade - Intercompany	-	-	1,551,368	1,551,368
Accounts Payable Other - Third Party	-	-	3,279,778	3,279,778
Accrued Payroll	-	-	1,583,737	1,583,737
Accrued Expenses Third Party	-	-	57,671,973	57,671,973
Accrued Interest	-	-	492,747	492,747
Accrued Interest - Affiliates	-	-	-	-
Accrued Interest - Intercompany	-	-	163,215	163,215
Accrued Incentive	-	-	(11,881)	(11,881)
Accrued Income Taxes	-	-	-	-
Current Derivative Liability	-	-	-	-
Current Deferred Tax Liability	-	-	-	-
FIN48 Current Liability	-	-	10,569,294	10,569,294
Other Current Liabilities - Third Party	-	-	(33,138)	(32,336)
Other Current Liabilities - Affiliates	-	-	-	-
Other Current Liabilities - Intercompany	-	802	-	-
Current Liabilities	-	802	270,429,806	270,430,608
Long Term Debt Third Party	-	-	-	-
Long Term Debt - Affiliates	-	-	-	-
Long Term Debt Intercompany	-	56,503,362	-	56,503,362
Long Term Portion Mid Term Notes Payable	-	-	-	-
Long Term Portion Cap Lease Obligations	-	-	970	970
Long Term Derivative Liability	-	-	-	-
Deferred Income Tax Liability	-	-	-	-
FIN48 Non-Current Liability	-	-	1,116,829	1,116,829
Long Term Pension Liability	-	-	61,862,988	61,862,988
Other Long Term Liabilities	-	(0)	33,318,756	33,318,756
Liabilities	-	56,504,164	366,749,349	423,253,513
Common Stock	80,707,000	200	73,338,733	164,045,933
Additional Paid In Capital	(84,595,495)	(59,933,944)	(17,387,294)	(162,917,697)
Other Surplus	-	-	-	-
Retained Earnings Opening	49,638,249	3,432,003	(123,961,043)	(70,890,791)
Retained Earnings Income	-	(2,155)	(18,138,507)	(18,140,662)
Retained Earnings Dividends	-	-	0	0
Retained Earnings Adjustment	-	-	(142,099,550)	(89,031,453)
Retained Earnings	49,638,249	3,429,848	(61,222,699)	(8,154,602)
Pension Adjustment	-	-	-	-
AOCI Equity Investee	-	-	-	-
Derivative Adjustment	-	-	(1,522)	(1,522)
CTA Adjustment	0	0	(147,972,293)	(148,127,437)
Shareholders' Equity	55,348,750	(56,503,895)	(147,972,293)	(48,127,437)
Noncontrolling Interests	-	-	-	-
Equity	55,348,750	(56,503,895)	(147,972,293)	(48,127,437)
Liabilities & Equity	55,348,750	269	218,777,056	274,126,076

Memo: Pre-Petition Debt Included Above
 Secured Debt - 1,887 Capital leases only
 Priority Debt - 455,365 Accrued taxes and vacation
 Unsecured Debt - 56,504,164 239,577,305 Includes AP, Ilc debt, pension and other postretirement benefit obligations
 Total Pre-Petition Liabilities - 56,504,164 240,034,358 296,538,720

In re: REICHHOLD HOLDINGS US Inc. et al
DebtorCase No. 14-12237 (MFW)
Reporting Period: September 30th, 2014 to October 31st, 2014**MOR 3 - Other Assets & Liabilities Detail**Other assets & liabilities
(USD, in thousands)

Other current assets - third party	10/31/2014	9/30/2014
Unamortized debt issuance costs	4,643,857	1,328,609
Total	4,643,857	1,328,609

Other current assets - intercompany		
Receivable due from Reichhold Industries Inc.	2,157,054	2,107,424
Total	2,157,054	2,107,424

Other assets - third party		
Deferred expenses	25,660	34,357
Nonoperating (idle) assets	478,888	478,888
Investment in life insurance policies	472,135	472,135
Advanced payment to supplier	1,000,000	1,000,000
Cash restricted for noncurrent obligations	367,642	367,642
Cash deposit related to Carteret site	138,195	138,195
Cost recovery receivables related to environmental sites	639,000	639,000
Receivable due from insurance company (product liability claim)	2,105,596	2,105,596
Prepaid insurance	20,327	24,392
Prepaid tax	61,689	74,026
Total	5,309,132	5,334,231

Other current liabilities - third party		Considered Pre-Petition?	
Environmental & legal reserves	8,076,520	yes	8,076,520
Pension reserves	1,091,732	yes	1,091,732
Postretirement reserves	431,960	yes	431,960
Self insurance reserves	968,982	no	968,982
Total	10,569,194		10,569,194

Other current liabilities - intercompany			
Payable due to Reichhold Industries Limited	(32,336)	yes	(30,391)
Total	(32,336)		(30,391)

Other LT liabilities - third party			
Environmental & legal reserves	25,756,493	yes	26,049,291
Self insurance reserves	2,091,778	no	2,164,237
Postretirement reserves	3,975,983	yes	3,971,668
Deferred rent	1,107,820	no	1,099,497
Asset retirement obligations	386,683	no	386,683
Total	33,318,757		33,671,376

In re: REICHHOLD HOLDINGS US Inc. et al
Debtor

Case No. 14-12237 (MFW)
Reporting Period: September 30th, 2014 to October 31st, 2014

STATUS OF POSTPETITION TAXES

Reichhold Holdings did not pay any postpetition taxes or incur any postpetition debts
Canadyne did not pay any postpetition taxes or incur any postpetition debts

The beginning tax liability should be the ending liability from the prior month or, if this is the first report, the amount should be zero.
Attach photocopies of IRS Form 6123 or payment receipt to verify payment or deposit of federal payroll taxes.
Attach photocopies of any tax returns filed during the reporting period.

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
Federal						
Withholding	0	364,206	364,206			-
FICA-Employee	0	183,871	183,871			-
FICA-Employer	0	183,871	183,871			-
Unemployment	0	165	165			-
Income	0	-	-			-
Other:	0					
Total Federal Taxes	0	732,114	732,114			-
Foreign						
Income	0	-	-			-
Total Foreign Taxes						
State and Local						
Withholding	0	89,783	89,783			-
Sales	0					
Excise	0					
Unemployment	0	3,433	3,433			-
Real Property	0	-	-			-
Personal Property	0	-	-			-
Income	0	-	-			-
Other:	0					
Total State and Local	0	93,216	93,216			
Total Taxes	0	825,330	825,330			-

SUMMARY OF UNPAID POSTPETITION DEBTS

Attach aged listing of accounts payable.

	Number of Days Past Due					Total
	Current	0-30	31-60	61-90	Over:90	
Accounts Payable	5,329,553.60	849,801.57	80,727.57			6,260,082.74
Wages Payable						0.00
Taxes Payable						0.00
IC Reichhold Canada	530,657.42					530,657.42
IC Rotterdam NL02 RFBV	64,042.53					64,042.53
IC Reichhold Mexico	136,720.65					136,720.65
IC Rotterdam NL04 RHIBV	350,358.67					350,358.67
IC Reichhold Industries Inc	399,660.00					399,660.00
IC Reichhold Norway	13,084.36					13,084.36
IC Reichhold China	4,480.44					4,480.44
Rent/Leases-Building						0.00
Rent/Leases-Equipment	30,953.86	8,492.32	17,740.99			57,187.17
Secured Debt/Adequate Protection Payments						0.00
Professional Fees						0.00
Amounts Due to Insiders*						0.00
Other:						0.00
Total Postpetition Debts	6,859,511.53	858,293.89	98,468.56	0.00	0.00	7,816,273.98

*"Insider" is defined in 11 U.S.C. Section 101(31).

In re: REICHHOLD HOLDINGS US Inc. et al
Debtor

Case No. 14-12237 (MFW)
Reporting Period: September 30th, 2014 to October 31st, 2014

ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

Reichhold Holdings did not have an accounts receivable balance as of 10/31/14
Canadyne did not have an accounts receivable balance as of 10/31/14

Accounts Receivable Reconciliation		Amount
Total Accounts Receivable at the beginning of the reporting period		59,327,047
+ Amounts billed during the period		42,305,190
- Amounts collected during the period (B)		41,743,169
- Credit notes		1,494,239
+ Other Adjustments		1,216,385
Total Accounts Receivable at the end of the reporting period		59,611,214
Accounts Receivable Aging		Amount
0 - 30 days old		31,076,371
31 - 60 days old		14,601,326
61 - 90 days old		7,869,219
91+ days old (C)		6,064,298
Total Accounts Receivable		59,611,213
Amount considered uncollectible (Bad Debt)		176,011
Accounts Receivable (Net)		59,435,202

DEBTOR QUESTIONNAIRE

Must be completed each month	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.		X
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.	X (A)	

(A) Two new accounts opened for 1) utility deposit and 2) agent indemnity account as provided for in the interim DIP order.

(B) Amounts collected include non cash items

(C) Includes \$4.6M of intercompany recharges to China and India, also since aging is based on invoice date this amount includes some customer amounts > 30 days