GIBRALTAR INDUSTRIES, INC.
Form 10-Q
November 04, 2016

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

FORM 10-Q

(Mark one)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2016
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 0-22462

GIBRALTAR INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

Delaware	16-1445150
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3556 Lake Shore Road, P.O. Box 2028 Buffalo, New York	14219-0228
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (716) 826-6500
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting

company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer x

Non-accelerated filer ¨ Smaller reporting company ¨

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

As of October 25, 2016, the number of common shares outstanding was: 31,526,747.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net Sales	$272,734	$304,994	$776,143	$758,780
Cost of sales	204,847	243,598	585,263	623,350
Gross profit	67,887	61,396	190,880	135,430
Selling, general, and administrative expense	41,524	38,002	118,500	91,865
Income from operations	26,363	23,394	72,380	43,565
Interest expense	3,625	3,878	10,982	11,389
Other (income) expense	—	(1,780)	7,840	(4,238)
Income before taxes	22,738	21,296	53,558	36,414
Provision for income taxes	8,952	7,664	12,131	13,158
Income from continuing operations	13,786	13,632	41,427	23,256
Discontinued operations:				
Loss before taxes	—	—	—	(44)
Benefit of income taxes	—	—	—	(16)
Loss from discontinued operations	—	—	—	(28)
Net income	$13,786	$13,632	$41,427	$23,228
Net earnings per share – Basic:				
Income from continuing operations	$0.44	$0.44	$1.32	$0.74
Loss from discontinued operations	—	—	—	—
Net income	$0.44	$0.44	$1.32	$0.74
Weighted average shares outstanding – Basic	31,579	31,242	31,493	31,214
Net earnings per share – Diluted:				
Income from continuing operations	$0.43	$0.43	$1.29	$0.74
Loss from discontinued operations	—	—	—	—
Net income	$0.43	$0.43	$1.29	$0.74
Weighted average shares outstanding – Diluted	32,176	31,558	32,005	31,479

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	$13,786	$13,632	$41,427	$23,228
Other comprehensive income (loss):				
Foreign currency translation adjustment	(193)	(3,005)	10,638	(4,667)
Reclassification of loss on cash flow hedges, net of tax	—	—	—	143
Adjustment to retirement benefit liability, net of tax	61	3	59	7
Adjustment to post-retirement health care liability, net of tax	38	36	114	110
Other comprehensive (loss) income	(94)	(2,966)	10,811	(4,407)
Total comprehensive income	$13,692	$10,666	$52,238	$18,821

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	September 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 173,062	$ 68,858
Accounts receivable, net	155,434	164,969
Inventories	92,778	107,058
Other current assets	9,897	10,537
Total current assets	431,171	351,422
Property, plant, and equipment, net	106,315	118,932
Goodwill	294,858	292,390
Acquired intangibles	118,388	123,013
Other assets	4,100	4,015
	$ 954,832	$ 889,772
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 87,495	$ 89,204
Accrued expenses	63,111	67,605
Billings in excess of cost	26,026	28,186
Current maturities of long-term debt	400	400
Total current liabilities	177,032	185,395
Long-term debt	209,041	208,882
Deferred income taxes	43,366	42,654
Other non-current liabilities	55,748	42,755
Shareholders' equity:		
Preferred stock, $0.01 par value; authorized 10,000 shares; none outstanding	—	—
Common stock, $0.01 par value; authorized 50,000 shares; 32,040 shares and 31,779 shares issued and outstanding in 2016 and 2015	320	317
Additional paid-in capital	261,954	253,458
Retained earnings	219,500	178,073
Accumulated other comprehensive loss	(4,605)	(15,416)
Cost of 521 and 484 common shares held in treasury in 2016 and 2015	(7,524)	(6,346)
Total shareholders' equity	469,645	410,086
	$ 954,832	$ 889,772

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)(unaudited)

	Nine Months Ended September 30, 2016			2015		
Cash Flows from Operating Activities						
Net income	$	41,427		$	23,228	
Loss from discontinued operations	—			(28		)
Income from continuing operations	41,427			23,256		
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Depreciation and amortization	17,551			22,657		
Stock compensation expense	4,666			2,675		
Net gain on sale of assets	(225		)	(7,903		)
Loss on sale of business	8,763			—		
Exit activity costs, non-cash	3,876			3,247		
Provision for (benefit of) deferred income taxes	355			(724		)
Other, net	(206		)	117		
Changes in operating assets and liabilities, excluding the effects of acquisitions:						
Accounts receivable	3,796			(28,085		)
Inventories	9,738			7,562		
Other current assets and other assets	(1,901		)	(529		)
Accounts payable	2,367			9,845		
Accrued expenses and other non-current liabilities	11,038			12,370		
Net cash provided by operating activities	101,245			44,488		
Cash Flows from Investing Activities						
	(2,314		)	(140,620		)

Cash paid for acquisitions		
Net proceeds from sale of property and equipment	249	26,392
Purchases of property, plant, and equipment	(7,600)	(6,822)
Net proceeds from sale of business	8,250	—
Other, net	1,118	1,154
Net cash used in investing activities	(297)	(119,896)
Cash Flows from Financing Activities		
Proceeds from long-term debt	—	58,192
Long-term debt payments	(400)	(47,592)
Payment of debt issuance costs	(54)	—
Purchase of treasury stock at market prices	(1,178)	(568)
Net proceeds from issuance of common stock	2,892	237
Excess tax benefit from stock compensation	941	—
Net cash provided by financing activities	2,201	10,269
Effect of exchange rate changes on cash	1,055	(2,140)
Net increase (decrease) in cash and cash equivalents	104,204	(67,279)
Cash and cash equivalents at beginning of year	68,858	110,610
Cash and cash equivalents at end of period	$ 173,062	$ 43,331

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Shareholders' Equity
	Shares	Amount				Shares	Amount	
Balance at December 31, 2015	31,779	$ 317	$ 253,458	$ 178,073	$ (15,416)	484	$ (6,346)	$ 410,086
Net income	—	—	—	41,427	—	—	—	41,427
Foreign currency translation adjustment	—	—	—	—	10,638	—	—	10,638
Adjustment to retirement benefit liability, net of taxes of ($2)	—	—	—	—	59	—	—	59
Adjustment to post employment health care benefit liability, net of taxes of $70	—	—	—	—	114	—	—	114
Stock compensation expense	—	—	4,666	—	—	—	—	4,666
Excess tax benefit from stock compensation	—	—	941	—	—	—	—	941
Stock options exercised	151	2	2,890	—	—	—	—	2,892
Issuance of restricted stock	—	—	—	—	—	—	—	—
Net settlement of restricted stock units	110	1	(1)	—	—	37	(1,178)	(1,178)
Balance at September 30, 2016	32,040	$ 320	$ 261,954	$ 219,500	$ (4,605)	521	$ (7,524)	$ 469,645

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting of normal recurring adjustments considered necessary for the fair presentation of results for the interim period have been included. The results of operations for the three and nine month periods ended September 30, 2016 are not necessarily indicative of the results expected for the full year. The Company is subject to reduced activity in the first and fourth quarters as colder, inclement weather reduces order rates from end markets it serves. The accompanying unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our annual Form 10-K for the year ended December 31, 2015.

Immaterial Adjustments to Previously Reported Interim Periods

In preparing its consolidated financial statements for the three and nine months ended September 30, 2016, the Company identified certain adjustments during the implementation and subsequent testing of internal controls over financial reporting, including internal controls over revenue recognition for the acquired company that closed in 2015. The Company determined that these identified adjustments should be made to previously reported interim periods within the Company's Renewable Energy and Conservation segment. These adjustments are a result of deficiencies and errors in the Company's accounting for estimated total contract costs at completion as it is related to revenue recognition under the percentage of completion accounting method. Specifically, beginning in the first quarter of 2016, the Company identified cost savings from margin improvement initiatives which included raw material sourcing, freight management, and strategic make versus buy decisions. These costs savings were incurred sooner than expected. They should have been reflected in the total estimated contract costs at completion for the quarters ended March 31, 2016 and June 30, 2016, which resulted in an understatement of revenue recorded for these respective quarters.

In accordance with ASC Topic 250, Accounting Changes and Error Corrections, and Staff Accounting Bulletin No. 99, Materiality, the Company assessed these adjustments and determined that they were immaterial to each of the reporting periods affected and, therefore, amendment of previously filed reports was not required. However, the cumulative effect of correcting these errors would have been material to the results of our operations for the quarter ended September 30, 2016. Therefore, in order to provide consistency in the consolidated financial statements, adjustments for these immaterial amounts to previously reported interim period amounts are reflected in the financial information herein, and will be reflected in future filings containing such financial information.

In accordance with ASC Topic 250, the effect of the correction on each financial statement line item, income from continuing operations, net income and related per-share amounts for each prior interim periods of the current fiscal year is as follows (in thousands, except per share data):

For the Three Months Ended March 31, 2016

	As Previously Reported	Adjustments	As Restated
Net sales	$ 233,677	$ 3,994	$ 237,671
Gross profit	$ 50,156	$ 3,994	$ 54,150
Income from operations	$ 13,607	$ 3,994	$ 17,601

Income from continuing operations	$ 10,111	$ 3,994	$ 14,105
Provision for income taxes	$ 3,618	$ 1,458	$ 5,076
Net income	$ 6,493	$ 2,536	$ 9,029
Net earnings per share - Basic	$ 0.21	$ 0.08	$ 0.29
Net earnings per share - Diluted	$ 0.20	$ 0.08	$ 0.28

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For the Three Months Ended June 30, 2016

	As Previously Reported	Adjustments	As Restated
Net sales	$263,099	$ 2,639	$265,738
Gross profit	$66,204	$ 2,639	$68,843
Income from operations	$25,777	$ 2,639	$28,416
Income from continuing operations	$14,076	$ 2,639	$16,715
Provision for income taxes	$(2,913)	$ 1,016	$(1,897)
Net income	$16,989	$ 1,623	$18,612
Net earnings per share - Basic	$0.54	$ 0.05	$0.59
Net earnings per share - Diluted	$0.53	$ 0.05	$0.58

For the Six Months Ended June 30, 2016

	As Previously Reported	Adjustments	As Restated
Net sales	$ 496,776	$ 6,633	$503,409
Gross profit	$ 116,360	$ 6,633	$122,993
Income from operations	$ 39,384	$ 6,633	$46,017
Income from continuing operations	$ 24,187	$ 6,633	$30,820
Provision for income taxes	$ 705	$ 2,474	$3,179
Net income	$ 23,482	$ 4,159	$27,641
Net earnings per share - Basic	$ 0.75	$ 0.13	$0.88
Net earnings per share - Diluted	$ 0.74	$ 0.13	$0.87

The tables below depict the effect of the correction for the Renewable Energy and Conservation segment on net sales and income from operations for each prior interim periods of the current fiscal year as follows (in thousands):

For the Three Months Ended March 31, 2016

	As Previously Reported	Adjustments	As Restated
Net sales	$ 53,880	$ 3,994	$57,874
Income from operations	$ 4,313	$ 3,994	$8,307

For the Three Months Ended June 30, 2016

	As Previously Reported	Adjustments	As Restated
Net sales	$ 62,127	$ 2,639	$64,766
Income from operations	$ 7,657	$ 2,639	$10,296

For the Six Months Ended June 30, 2016

	As Previously	Adjustments	As Restated

	Reported		
Net sales	$ 116,007	$ 6,633	$ 122,640
Income from operations	$ 11,970	$ 6,633	$ 18,603

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There were no adjustments made to retained earnings at the beginning of 2016 as the effects of the adjusted amounts were to interim periods during the current fiscal year ending December 31, 2016.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)." The update clarifies the principles for recognizing revenue and develops a common standard for U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. More specifically, the core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of Topic 606 to annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. In March 2016, the FASB issued ASU 2016-08, “Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net).” ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, “Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing.” ASU 2016-10 clarifies the implementation guidance on identifying performance obligations. In May 2016, the FASB issued ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients." ASU 2016-12 reduces the potential for diversity among initial application, as well as, the cost and complexity of applying Topic 606 at transition and on an ongoing basis. These ASUs apply to all companies that enter into contracts with customers to transfer goods or services. These ASUs are effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted, but not before interim and annual reporting periods beginning after December 15, 2016. Entities have the choice to apply these ASUs either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying these standards at the date of initial application and not adjusting comparative information. We are currently evaluating the requirements of these standards and have not yet determined the impact on our consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330)." The amendments to this Update were issued to change the measurement of inventory to the lower of cost and net realizable value. The guidance, which is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years, may be applied prospectively and early adopted for the beginning of an interim or annual period. The Company is currently evaluating the impact of adopting the new standard which is not expected to have a material impact on our Balance Sheet or Statements of Operations.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 requires lessees to recognize a lease liability and a right-of-use asset on the balance sheet. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the requirements of ASU 2016-02 and have not yet determined its impact on our consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU 2016-09 simplifies the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the requirements of ASU 2016-09 and have not yet determined its impact on our consolidated financial statements.

In May 2016, the FASB issued ASU 2016-11, "Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting." ASU 2016-11 rescinds certain SEC Staff Observer comments codified in Topic 605, Revenue Recognition, and Topic 932, Extractive Activities-Oil and Gas. ASU 2016-11 is effective upon adoption of Topic 606. We are currently evaluating the requirements of ASU 2016-11 and have not yet determined its impact on our 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 provides guidance on eight specific cash flow issues to reduce diversity in reporting. This Update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the requirements of ASU 2016-15 and have not yet determined its impact on our consolidated financial statements.

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3. ACCOUNTS RECEIVABLE, NET

Accounts receivable consists of the following (in thousands):

	September 30, 2016	December 31, 2015
Trade accounts receivable	$ 99,877	$ 102,277
Contract receivables:		
Amounts billed	46,414	53,830
Costs in excess of billings	13,544	13,730
Total contract receivables	59,958	67,560
Total accounts receivable	159,835	169,837
Less allowance for doubtful accounts	(4,401)	(4,868)
Accounts receivable	$ 155,434	$ 164,969

Contract receivables are primarily associated with developers, contractors and customers in connection with the Renewable Energy and Conservation segment. Costs in excess of billings principally represent revenues recognized on contracts that were not billable as of the balance sheet date. These amounts will be billed in accordance with contract terms, generally as certain milestones are reached or upon shipment. All of the costs in excess of billings are expected to be collected within one year. In situations where billings exceed revenues recognized, the excess is included in billings in excess of cost in the Consolidated Balance Sheet.

4. INVENTORIES

Inventories consist of the following (in thousands):

	September 30, 2016	December 31, 2015
Raw material	$ 42,587	$ 47,117
Work-in-process	11,757	16,238
Finished goods	38,434	43,703
Total inventories	$ 92,778	$ 107,058

5. ACQUISITIONS

On June 9, 2015, the Company acquired all of the outstanding stock of Rough Brothers Manufacturing, Inc., RBI Solar, Inc., and affiliates, collectively known as "RBI". RBI has established itself during the past seven years among North America's fastest-growing providers of racking and mounting systems for solar energy installations and is among the largest commercial greenhouse manufacturers in North America.

RBI is a full service provider that engineers, manufactures and installs racking systems for solar power developers, contractors and companies. In addition, RBI designs, manufactures and erects greenhouses for commercial, institutional and retail customers. The results of RBI have been included in the Company’s consolidated financial results since the date of acquisition (within the Company's Renewable Energy and Conservation segment). The final aggregate purchase consideration for the acquisition of RBI was $147,585,000, which includes payments for working capital and certain other adjustments provided for in the stock purchase agreement.

The purchase price for the acquisition was allocated to the assets acquired and liabilities assumed based upon their respective fair values. The excess consideration of $57,180,000, was recorded as goodwill of which $37,969,000 is deductible for tax purposes.

The allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed is as follows as of the date of the acquisition (in thousands):

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Cash	$4,651
Working capital	21,436
Property, plant, and equipment	12,797
Acquired intangible assets	56,392
Other assets	3,049
Deferred income taxes	(4,892)
Other liabilities	(3,028)
Goodwill	57,180
Fair value of purchase consideration	$147,585

The Company recorded an indemnification asset and liability of $3.0 million on the opening balance sheet related to the seller’s obligation to fully indemnify the Company for the outcome of potential contingent liabilities related to uncertainty of income tax positions in foreign jurisdictions. The liability and related indemnification asset may or may not be realized, and any unrealized liability is scheduled to expire in 2018.

The intangible assets acquired in this acquisition consisted of the following (in thousands):

	Fair Value	Estimated Useful Life
Trademarks	$ 13,550	Indefinite
Technology	3,550	7-15 years
Customer relationships	32,892	11-17 years
Non-compete agreements	1,300	5 years
Backlog	5,100	0.5 years
Total	$ 56,392	

The acquisition was financed through cash on hand and borrowings under the Company's revolving credit facility. The Company incurred certain acquisition-related costs composed of legal and consulting fees, and these costs were recognized as a component of selling, general and administrative expenses in the consolidated statement of operations. The Company also recognized acquisition-related costs relating to the step-up of inventory to fair value which was a portion of the purchase price allocation of this acquisition.

The acquisition-related costs consisted of the following for the three months and nine months ended September 30, 2015 (in thousands):

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Selling, general and administrative costs	$ 209	$ 1,159
Cost of sales	$ 172	$ 230
Total acquisition related costs	$ 381	$ 1,389

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The following unaudited pro forma financial information presents the combined results of continuing operations as if the acquisition of RBI had occurred as of January 1, 2015. The pro forma information includes certain adjustments, including depreciation and amortization expense, interest expense and certain other adjustments, together with related income tax effects. The pro forma amounts may not be indicative of the results that actually would have been achieved had the acquisition occurred as of January 1, 2015 and are not necessarily indicative of future results of the combined companies (in thousands, except per share data):

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Net sales	$ 304,994	$ 845,538
Net income	$ 15,391	$ 33,617
Net income per share - Basic	$ 0.49	$ 1.08
Net income per share - Diluted	$ 0.49	$ 1.07

6. GOODWILL AND RELATED INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill for the nine months ended September 30, 2016 are as follows (in thousands):

	Residential Products	Industrial and Infrastructure Products	Renewable Energy & Conservation	Total
Balance at December 31, 2015	$ 181,285	$ 53,704	$ 57,401	$292,390
Foreign currency translation	—	298		