# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, DC 20549**

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# FORM 8-K/A
## (Amendment No.1)

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## CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported) December 20, 2013**

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# Matrix Service Company
**(Exact Name of Registrant as Specified in Its Charter)**

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**DELAWARE**
**(State or Other Jurisdiction of Incorporation)**

| | |
|---|---|
| **001-15461** | **73-1352174** |
| **(Commission File Number)** | **(IRS Employer Identification No.)** |
| **5100 E Skelly Dr., Suite 700, Tulsa, OK** | **74135** |
| **(Address of Principal Executive Offices)** | **(Zip Code)** |

**918-838-8822**
**(Registrant's Telephone Number, Including Area Code)**

**NOT APPLICABLE**
**(Former Name or Former Address, if Changed Since Last Report)**

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

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

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

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

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

## EXPLANATORY NOTE

On December 27, 2013, Matrix Service Company (the “Company”), filed with the Securities and Exchange Commission a Current Report on Form 8-K (the "Initial Report"), reporting the completion of the acquisition of Kvaerner North American Construction Ltd. and selected net assets and operations of Kvaerner North American Construction Inc. (collectively, "KNAC").

This Current Report on Form 8-K/A amends Item 9.01 of the Initial Report to present certain financial statements of KNAC and to present certain unaudited pro forma financial statements of the Company in connection with the Company's acquisition of KNAC, which financial statements and unaudited pro forma financial information are filed as exhibits hereto. No other modifications to the Initial Report are being made by this Amendment. This Amendment should be read in connection with the Initial Report, which provides a more complete description of the KNAC acquisition.

**Item 9.01. Financial Statements and Exhibits.**

(a) Financial Statements of Businesses Acquired.

The audited financial statements of KNAC and the related notes to the financial statements as of September 30, 2013, and for the nine months ended September 30, 2013 are filed as Exhibit 99.1 to this Current Report on Form 8-K/A and incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet of the Company as of September 30, 2013 and the unaudited pro forma condensed combined statements of income for the three months ended September 30, 2013 and for the year ended June 30, 2013, which have been prepared to give effect to the acquisition of KNAC, are filed as Exhibit 99.2 to this Current Report on Form 8-K/A and incorporated herein by reference. The pro forma financial statements are presented for informational purposes only and do not purport to represent what the Company's results of operations or financial position would have been had the transaction reflected occurred on the dates indicated or to project the Company's financial position as of any future date or the Company's results of operations for any future period.

(d) Exhibits.

The following exhibits are filed herewith:

| Exhibit No. | Description |
|---|---|
| 2.1 | Purchase Agreement dated December 8, 2013 (filed as Exhibit 2.1 to the Initial Report and incorporated by reference herein). |
| 23 | Consent of Grossman Yanak & Ford LLP. |
| 99.1 | KNAC's audited financial statements and related footnotes as of September 30, 2013 and for the nine months ended September 30, 2013. |
| 99.2 | Matrix Service Company unaudited pro forma condensed combined balance sheet as of September 30, 2013 and the unaudited pro forma condensed combined statements of income for the three months ended September 30, 2013 and for the year ended June 30, 2013, giving effect to the acquisition. |

## 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.

Matrix Service Company

Dated: March 10, 2014

By: /s/ Kevin S. Cavanah

Kevin S. Cavanah
Vice President and Chief Financial Officer

## EXHIBIT INDEX

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in the following Registration Statements of Matrix Service Company of our report dated March 10, 2014 relating to the combined financial statements of Kvaerner North American Construction Ltd. and selected net assets and operations of Kvaerner North American Construction Inc., appearing in this Current Report on Form 8-K/A of Matrix Service Company dated March 10, 2014:

Registration Statement on Form S-8 (File No. 333-184982) related to the Matrix Service Company 2012 Stock and Incentive Compensation Plan

Registration Statement on Form S-3 (File No. 333-178926) related to the registration of $400,000,000 of Common Stock, Preferred Stock, Debt Securities, Warrants and Units

Registration Statement on Form S-8 (File No. 333-171247) related to the Matrix Service Company 2011 Employee Stock Purchase Plan

Registration Statement on Form S-8 (File No. 333-171245) related to the Matrix Service Company 2004 Stock Incentive Plan

Registration Statement on Form S-8 (File No. 333-119840) related to the Matrix Service Company 2004 Stock Option Plan

Registration Statement on Form S-8 (File No. 33-36081) related to the Matrix Service Company 1990 Incentive Stock Option Plan

Registration Statement on Form S-8 (File No. 333-56945) related to the Matrix Service Company 1991 Stock Option Plan

Registration Statement on Form S-8 (File No. 33-71604) related to the Matrix Service Company 1991 Stock Option Plan

Registration Statement of Form S-8 (File No. 333-02771) related to the Matrix Service Company 1995 Nonemployee Directors' Stock Option Plan

***/S/ GROSSMAN YANAK & FORD LLP***
Pittsburgh, Pennsylvania
March 10, 2014

**KVAERNER NORTH AMERICAN CONSTRUCTION LTD. AND SELECTED NET ASSETS AND OPERATIONS OF KVAERNER NORTH AMERICAN CONSTRUCTION INC.**

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## INDEPENDENT AUDITORS' REPORT

To the Management and Stockholder of
Kvaerner North American Construction Ltd. and
Kvaerner North American Construction Inc.

We have audited the accompanying combined financial statements of Kvaerner North American Construction Ltd. (a Canada corporation) and selected net assets and operations of Kvaerner North American Construction, Inc., collectively the "Companies", which comprise the combined balance sheet as of September 30, 2013 and the related combined statements of operations, stockholder's equity, and cash flows for the nine months then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Combined Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit 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 combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 account estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of September 30, 2013, and the results of their operations and their cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

**Sale of Companies**

As discussed in Note 1 to the combined financial statements, effective December 20, 2013, all outstanding shares of KNAC Ltd. and certain net assets and operations of KNAC Inc. were sold to Matrix Service Company. These combined financial statements exclude the net assets retained by KNAC Inc. and the related results of operations and cash flows. Our opinion is not modified with respect to this matter.

/S/ Grossman Yanak & Ford LLP

Pittsburgh, Pennsylvania
March 10, 2014

**KVAERNER NORTH AMERICAN CONSTRUCTION LTD. AND SELECTED NET ASSETS AND OPERATIONS OF KVAERNER NORTH AMERICAN CONSTRUCTION INC.**

COMBINED BALANCE SHEET
SEPTEMBER 30, 2013 ($ IN THOUSANDS)

| ASSETS | NOTES | | |
|---|---|---|---|
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 1 | $ | 28,254 |
| Receivables, net | 1,2,8 | | 28,961 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 1,3 | | 5,634 |
| Prepaid expenses and other current assets | | | 1,193 |
| Deferred income taxes | 1,8 | | 1,815 |
| Total | | | 65,857 |
| PROPERTY AND EQUIPMENT, NET | 1,4 | | 3,348 |
| DEPOSITS | | | 94 |
| INVESTMENT IN JOINT VENTURE | 1,5 | | 1,338 |
| DEFERRED TAX ASSET | 1,8 | | 7,534 |
| GOODWILL | 1 | | 5,597 |
| TOTAL | | $ | 83,768 |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable | | $ | 5,835 |
| Accrued payroll and related liabilities | 1,11 | | 7,369 |
| Other accrued expenses | 11 | | 1,357 |
| Payable to affiliates | 10 | | 595 |
| Income taxes payable | 1,8 | | 3,552 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 1,3 | | 24,754 |
| Total | | | 43,462 |
| STOCKHOLDER'S EQUITY: | 9 | | |
| Kvaerner NAC stockholder | | | 39,881 |
| Noncontrolling interest in joint venture | 1 | | 425 |
| Total stockholder's equity | | | 40,306 |
| TOTAL | | $ | 83,768 |

See notes to combined financial statements.

**KVAERNER NORTH AMERICAN CONSTRUCTION LTD. AND SELECTED NET ASSETS AND OPERATIONS OF KVAERNER NORTH AMERICAN CONSTRUCTION INC.**

COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 ($ IN THOUSANDS)

| | NOTES | | |
|---|---|---|---|
| NET REVENUES | 1 | $ | 149,205 |
| COST OF REVENUES | 1 | | 122,827 |
| GROSS PROFIT | | | 26,378 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 1,10 | | 20,214 |
| OPERATING INCOME | | | 6,164 |
| OTHER INCOME (EXPENSE): | | | |
| Interest income | 8 | | 416 |
| Gain on disposal of fixed assets | | | 5 |
| Miscellaneous income, net | | | 129 |
| Other income, net | | | 550 |
| INCOME BEFORE BENEFIT FROM INCOME TAXES | | | 6,714 |
| INCOME TAX BENEFIT | 1,8 | | 767 |
| NET INCOME | | | 7,481 |
| OTHER COMPREHENSIVE LOSS: | | | |
| Foreign currency translation adjustment | | | (15) |
| COMPREHENSIVE INCOME | | $ | 7,466 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTEREST IN JOINT VENTURE | 1 | $ | 425 |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO KVAERNER NORTH AMERICAN CONSTRUCTION INC. AND LTD. STOCKHOLDER | | $ | 7,041 |

See notes to combined financial statements.

**KVAERNER NORTH AMERICAN CONSTRUCTION LTD. AND SELECTED NET ASSETS AND OPERATIONS OF KVAERNER NORTH AMERICAN CONSTRUCTION INC.**

COMBINED STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 ($ IN THOUSANDS)

| | Common Stock, Additional Paid In Capital and Accumulated Earnings | Accumulated Other Comprehensive Loss | Total Majority Stockholder | Non-Controlling Interest | Stockholder's Equity |
|---|---|---|---|---|---|
| Balance at January 1, 2013 | $ 30,487 | $ — | $ 30,487 | $ — | $ 30,487 |
| Net change in value of excluded assets (see Note 1) | 2,353 | — | 2,353 | — | 2,353 |
| Net income | 7,056 | (15) | 7,041 | 425 | 7,466 |
| Balance at September 30, 2013 | $ 39,896 | $ (15) | $ 39,881 | $ 425 | $ 40,306 |

See notes to combined financial statements.

**KVAERNER NORTH AMERICAN CONSTRUCTION LTD. AND SELECTED NET ASSETS AND OPERATIONS OF KVAERNER NORTH AMERICAN CONSTRUCTION INC.**

COMBINED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 ($ IN THOUSANDS)

| | | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | $ | 7,466 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Net change in value of excluded assets | | 2,353 |
| Depreciation | | 965 |
| Deferred income taxes | | (640) |
| Gain on disposal of fixed assets | | (5) |
| (Increase) decrease in: | | |
| Receivables | | (7,954) |
| Costs and estimated earnings in excess of billings on uncompleted contracts | | 471 |
| Prepaid expenses | | (703) |
| Prepaid income taxes | | 290 |
| Deposits | | 186 |
| Increase (decrease) in: | | |
| Accounts payable | | 1,794 |
| Accrued payroll and related liabilities | | (69) |
| Other accrued expenses | | 561 |
| Payable to affiliates | | (73) |
| Income taxes payable | | 3,429 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | | 2,161 |
| Net cash provided by operating activities | | 10,232 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Additions to property and equipment | | (1,031) |
| Proceeds from sale of assets | | 11 |
| Receivable from Parent | | (7,760) |
| Distributions from joint venture | | 5,439 |
| Net cash used in investing activities | | (3,341) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 6,891 |
| CASH AND CASH EQUIVALENTS, BEGINNING | | 21,363 |
| CASH AND CASH EQUIVALENTS, ENDING | $ | 28,254 |

See notes to combined financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, BASIS OF ACCOUNTING AND RELATED MATTERS

*Organization and Nature of Operations* - The financial statements of the Companies include selected net assets and operations (see below) of Kvaerner North American Construction Inc. ("KNAC Inc."), which is incorporated in the state of Delaware, and the accounts of Kvaerner North American Construction Ltd. ("KNAC Ltd."), which is incorporated under the Canada Business Corporations Act. Both companies are ultimately owned by Kværner ASA (the "Parent"), a Norwegian company. Transactions between KNAC Inc. and KNAC Ltd. were insignificant during the nine months ended September 30, 2013.

The Companies are engaged in providing construction and maintenance services to the aluminum, automotive, chemical, environmental, oil and gas, petrochemical, pharmaceutical, power, pulping, steel and miscellaneous light industries.

Effective December 20, 2013, the Parent sold certain assets and transferred certain liabilities of KNAC Inc., and sold all outstanding shares of stock of KNAC Ltd., to Matrix Service Company ("Matrix") in accordance with a Sale and Purchase Agreement dated December 8, 2013 (the "Agreement"). The assets and liabilities retained by KNAC Inc. relate to one contract that is in arbitration and other specific net assets excluded under the Agreement. These combined financial statements exclude the net assets retained by KNAC Inc. and the related results of operations and cash flows.

*Use of Estimates* - The preparation of combined financial statements in conformity with U.S. generally accepted accounting principles 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are involved in revenue recognition and the allowance for doubtful accounts and contingencies. Actual results could differ from those estimates.

*Comprehensive Income* - Comprehensive income consists of net income plus (minus) changes in other equity accounts. Other comprehensive loss for the nine months ended September 30, 2013 resulted from foreign currency translation adjustments related to converting KNAC Ltd. from Canadian dollars to U.S. dollars.

*Revenue and Cost Recognition* - Earnings on fixed-price contracts are recognized on the percentage of completion method of accounting in the ratio that costs incurred bear to total estimated costs. These estimates are based upon management's assessment of remaining costs to be incurred and could differ significantly from actual results. Contract costs include all direct material and direct labor costs and certain indirect costs related to contract performance. Precontract costs are expensed as incurred. Estimated losses on uncompleted contracts are recognized in the period in which they are identified. The Companies generally do not require security for contract receivables.

In computing earnings or losses on uncompleted contracts, the Companies consider extended work orders and other work performed in good faith towards completion of the projects. These revenues are reflected at their estimated realizability, net of any costs of collection.

Costs and estimated earnings in excess of billings on uncompleted contracts (an asset) represent costs and estimated profit thereon in excess of related contract billings on contracts in progress at the statement of assets and liabilities date. Billings in excess of costs and estimated earnings on uncompleted contracts (a liability) represent billings on contracts in excess of related contract costs and estimated profit thereon at the statement of assets and liabilities date. Billings are generally based on the terms of the contracts and the actual costs incurred at a given point in time. The Companies include these amounts in current assets or liabilities because their operating cycle for contracts is typically less than one year.

Revenues from time-and-material (T&M) contracts are recorded as costs are incurred and include estimated profit based on contractual mark-ups.

The Companies received $104,685 of their revenues from four customers. Receivables from these customers (including net under/over billings) were $4,238 as of September 30, 2013.

*Cash and Cash Equivalents* - For purposes of the combined statement of cash flows, the Companies consider all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Companies maintain, at financial institutions, cash and cash equivalents which may at times exceed federally insured amounts and which may at times significantly exceed the combined statement of assets and liabilities amount due to outstanding checks.

*Accounts Receivable* - The Companies regularly extend credit to customers in the normal course of business based upon management's assessment of their creditworthiness. A valuation allowance is provided for those accounts for which collection is estimated as doubtful; uncollectible accounts are written off and charged against the allowance. Increases in the allowance are charged to selling, general and administrative expenses.

The allowance for doubtful accounts represents management's estimate of the net realizable value of receivables at September 30, 2013; it is at least reasonably possible that the assessment of net realizable value will be further revised in the near term and that actual results could differ from this estimate.

*Property and Equipment* - Property and equipment are recorded at cost and are being depreciated over estimated useful lives ranging from 3 to 10 years on a straight-line basis. Maintenance and repairs are charged to expense as incurred; renewals and betterments with a cost of $2,500 or greater and a useful life of one year or greater are capitalized. When property and equipment are sold, or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved and any resulting gain or loss is reflected in earnings.

*Investments in Joint Ventures* - Investments in joint ventures in which the Companies have greater than a 20% interest but do not exert control are accounted for using the equity method, unless the investee is considered to be a variable interest entity. Under this method, investments are carried at cost, adjusted for the Companies' proportionate share of the joint venture's undistributed earnings or losses and reduced for any distributions from the joint venture. At September 30, 2013, KNAC Ltd. held a non-controlling 50% investment in a joint venture, which was not deemed to be a variable interest entity (see Note 5).

Investments in joint ventures in which the Companies exert control are consolidated in accordance with U.S. generally accepted accounting principles. At September 30, 2013, KNAC Inc. held a 65% interest in KVPB Power Partners ("KVPB"), a joint venture established to construct an electricity generating plant in Delaware under one customer contract. At September 30, 2013 this joint venture is consolidated in the KNAC Inc. financial statements due to the existence of control by the Company, and a noncontrolling equity interest of $425 is reflected in the Company's combined statement of equity. At September 30, 2013, cash includes $9,673 that was held by KVPB for that construction project.

*Impairment of Long-Lived Assets* - Management evaluates the valuation and depreciation, as applicable, of the Companies' various long-lived assets. Management's evaluation considers both current and future levels of undiscounted cash flows generated by the related assets to determine when impairment may have occurred. Any write-downs due to impairment are charged to operations when the impairment is identified. There were no impairments recognized during the period ended September 30, 2013.

*Goodwill* - Accounting principles generally accepted in the United States of America require goodwill and intangible assets with indefinite lives to be assessed qualitatively each year in order to determine whether it is more likely than not that their fair values are less than their carrying amounts. If management deems it is more likely than not that fair values of the reporting units are less than carrying amounts, a two-step quantitative impairment test shall be used to identify potential impairment and measure the amount impairment losses to be recognized (if any). Based on its assessment of qualitative factors, management has determined that no impairment of its goodwill existed at September 30, 2013.

*Income Taxes* - KNAC Inc. files on a consolidated basis with its parent and various affiliates for U.S. federal income tax purposes, and files separate or unitary state income tax returns. KNAC Ltd. files a separate Canadian tax return for federal and provincial tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of current taxes due plus deferred taxes related primarily to accrued liabilities, foreign interest paid to a related party and differences in the amount of depreciation and amortization taken for tax purposes. The deferred tax assets and/or liabilities represent future tax consequences of those differences, which will either be taxable or deductible when the assets and/or liabilities are recovered or settled. Management believes that there is no liability related to uncertain tax positions at September 30, 2013. Years prior to 2010 are no longer open for examination by tax authorities.

*Subsequent Events* - Subsequent events were evaluated by management through March 5, 2014, which is the date when the combined financial statements were available to be issued.

## 2. RECEIVABLES

Receivables consisted of the following at September 30, 2013:

| | | |
|---|---|---|
| Accounts receivable - trade | $ | 17,428 |
| Receivable from Parent | | 7,762 |
| Income tax receivable (see Note 8) | | 3,829 |
| Other receivables | | 529 |
| Allowance for doubtful accounts | | (587) |
| Receivables, net | $ | 28,961 |

## 3. UNCOMPLETED CONTRACTS

Costs, estimated earnings, and billings on uncompleted contracts were as follows at September 30, 2013:

| | | |
|---|---|---|
| Costs incurred on uncompleted contracts | $ | 178,308 |
| Estimated income | | 6,682 |
| Total | | 184,990 |
| Less billings to date | | 204,110 |
| Total | $ | (19,120) |

This amount is included in the accompanying combined statement of assets and liabilities under the following captions:

| | | |
|---|---|---|
| Costs and estimated earnings in excess of billings on uncompleted contracts | $ | 5,634 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | | (24,754) |
| Total | $ | (19,120) |

## 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30, 2013:

| | | |
|---|---|---|
| Land | $ | 14 |
| Building | | 644 |
| Office and field equipment | | 6,938 |
| Vehicles | | 3,770 |
| Leasehold improvements | | 1,590 |
| Furniture and fixtures | | 461 |
| Computer equipment | | 94 |
| Total | | 13,511 |
| Less accumulated depreciation | | (10,163) |
| Property and equipment, net | $ | 3,348 |

Depreciation expense totaled $2,353 for the nine months ended September 30, 2013.

## 5. INVESTMENT IN JOINT VENTURE

KNAC Ltd. owns a 50% interest in Halton Hills Power Partners ("HHPP"). The purpose of this joint venture is to construct an electricity generating plant in Ontario, Canada under a construction agreement with one customer. The KNAC Ltd. investment in HHPP at September 30, 2013 was $1,338, which is composed of joint venture cash of $2,088 and an estimated warranty liability on the contract of $750. The net income of the joint venture was insignificant during the nine months ended September 30, 2013. During the nine months ended September 30, 2013, KNAC Ltd. recognized revenue from services provided to the joint venture of approximately $4,040.

## 6. LEASES

The Companies lease facilities under operating leases which expire at various times through May 2017. Rental expense was approximately $845 for the period ended September 30, 2013. The following represents the future minimum lease payments under operating leases at September 30, 2013:

| | | |
|---|---|---|
| Fourth quarter of 2013 | $ | 120 |
| 2014 | | 438 |
| 2015 | | 199 |
| 2016 | | 202 |
| 2017 | | 56 |
| Total | $ | 1,015 |

## 7. EMPLOYEE BENEFIT PLANS

KNAC Inc. sponsors a 401(k) savings plan that covers substantially all employees not covered by collective bargaining agreements. The Plan provided for employer matching contributions of 100% of the first 6% of employee compensation contributed. Contributions by KNAC Inc. for the period ended September 30, 2013 was $529.

The Company typically has several active discrete, but significant, construction and maintenance projects at any point in time. Accordingly, due to the nature of this business, the Company contributes to several multiemployer defined benefit pension plans under the terms of various collective-bargaining agreements that cover union-represented employees. The risks of participating in multiemployer plans differ from single-employer plans in the following aspects:

* Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

* If a participating employer stops contributing to the plan, the unfunded obligation of the plan may be borne by the remaining participating employers.

* If an entity chooses to stop participating in some of its multiemployer plans, the entity may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans for the period ended September 30, 2013 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number (EIN) of the respective plans. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans that are less than 65 percent funded are generally classified as critical (the Red Zone), plans that are less than 80 percent funded are generally classified as endangered (the Yellow Zone), and plans that are at least 80 percent funded are considered to be in the Green Zone. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented. Information on the individual plans was obtained from their respective public filings with the Department of Labor.

| Pension Fund | EIN Pension Plan Number | Pension Protection Act Zone Status | FIP/RP Status Pending/ Imp. | Contributions of KNAC Inc. | Surcharge Imposed | KNAC Inc. Contributions Greater Than 5% of Total Plan Contributions | Status Based on Plan Year Ended |
|---|---|---|---|---|---|---|---|
| Boilermaker National Pension Trust | 48-6168020 | Yellow | Yes | $1,988 | No | No | 12/31/2012 |
| Pipefitters Retirement Fund Local No. 597 | 62-6105084 | Green | No | 1,309 | No | No | 6/30/2012 |
| Indiana Laborers Pension Fund | 35-6027150 | Yellow | Yes | 1,001 | No | No | 5/31/2012 |
| Bricklayers Union Local No. 1 of Alabama Pension Fund | 52-6127746 | Yellow | Yes | 6 | No | No | 12/31/2012 |
| Bricklayers Union Local No. 45 of Alabama and New York Pension Fund | 16-0849723 | Red | Yes | 4 | No | No | 5/31/2012 |
| Bricklayers Union Local No. 6 of Indiana Pension Fund | 51-6113680 | Green | No | 613 | No | No | 6/30/2012 |
| Carpenters Union Local No. 1485 and Millwrights Local No.1043 of Indiana | 51-6123713 | Yellow | Yes | 564 | No | No | 6/30/2012 |
| Carpenters of Western Pennsylvania and Millwrights Union Local No. 2235 of Pennsylvania | 25-6135570 | Yellow | Yes | 415 | No | No | 12/31/2012 |
| Cement Masons Local No. 526 of Pennsylvania | 25-6103481 | Yellow | Yes | 20 | No | No | 5/31/2012 |
| Cement Masons Local No. 592 of Delaware | 23-1972409 | Red | Yes | 4 | No | No | 4/30/2012 |
| Electricians Local No. 697 of Indiana | 51-6133048 | Yellow | Yes | 14 | No | No | 12/31/2012 |
| Electricians Local No. 5 of Pennsylvania | 25-6032108 | Green | No | 134 | No | No | 12/31/2012 |
| IUOE Central Pension Fund & Midwest Pension Fund | 36-6052390; 36-6140097 | Green; Yellow | No; Yes | 222 | No | No | 1/31/2013; 3/31/2012 |
| Iron Workers Pension Plan of W. PA | 25-1283169 | Yellow | Yes | 435 | No | No | 12/31/2012 |
| Iron Workers Pension Plan of Delaware | 23-6529504 | Yellow | Yes | 1 | No | No | 9/30/2012 |
| Iron Workers Pension Plan of Indiana | 36-6488227 | Green | No | 1,384 | No | No | 12/31/2012 |
| Ohio Carpenters Pension Fund | 34-6574360 | Red | Yes | 11 | No | No | 4/30/2012 |
| Teamsters Union Local No. 142 of IN | 51-6051034 | Green | No | 171 | No | No | 6/30/2012 |
| Pipefitters Retirement Fund 579 of IN | 52-6152799 | Yellow | Yes | 29 | No | No | 6/30/2012 |
| Pipefitters Local No. 449 Pension Plan | 25-6032401 | Green | No | 91 | No | No | 12/31/2012 |
| Pipefitters Local No. 74 Pension Plan | 51-6015925 | Yellow | Yes | 66 | No | No | 12/31/2012 |
| Laborers Union Local 373 of PA | 25-6135576 | Red | Yes | 144 | No | No | 12/31/2012 |
| Other Multiemployer Pension Plans | | | | 11,715 | | | |
| Total | | | | $20,341 | | | |

Additionally, the Company contributed approximately $1,549 to union-sponsored defined contribution plans during the nine months ended 2013. The Company believes that it has no significant exposure related to these plans.

## 8. INCOME TAXES

The components of the income tax provision (benefit) for the nine months ended September 30, 2013 are as follows:

| | Current | Deferred | Total |
|---|---|---|---|
| Income tax provision (benefit): | | | |
| U.S. - Federal | $ 3,266 | $ (46) | $ 3,220 |
| U.S. - States | 285 | (4) | 281 |
| Canada - Federal and Provincial | — | (726) | (726) |
| Canada - Investment Tax Credits (see below) | (3,542) | — | (3,542) |
| Income tax provision (benefit), net | $ 9 | $ (776) | $ (767) |

KNAC Inc. is included in the consolidated federal income tax return of Kvaerner America Holdings Inc. ("KAH"). Accordingly, the actual tax charged to KNAC Inc. is based on an allocation prepared by KAH and and may differ from its stand-alone tax provision; differences between the calculated amounts and the allocations by KAH are reflected as changes to the tax provision.

During 2013, KNAC Ltd. received research and development investment tax credits from the Canada Revenue Agency. The credits were applied to tax losses generated in prior years and yielded a tax benefit of $3,542, plus interest of $323, which was not recognized in net income until 2013 due to the uncertainty in receiving these credits. This amount was included in income tax receivable at September 30, 2013.

A reconciliation of the statutory U.S. federal tax rate to the effective tax rate of the Companies is as follows:

| | |
|---|---|
| Statutory U.S. federal tax rate | 35.0 % |
| State and local income taxes, net of federal benefit | 4.2 |
| Permanent book/tax differences | 0.6 |
| Canadian losses at lower tax rate than U.S. federal tax rate | 1.7 |
| Investment tax credits recognized in 2013 (see above) | (52.9) |
| Effective tax rate | (11.4)% |

Net current deferred tax assets consisted of the following at September 30, 2013:

| | |
|---|---|
| Accrued contract costs and other reserves | $ 962 |
| Contract contingencies | 395 |
| Accrued bonuses | 335 |
| Allowance for doubtful accounts | 218 |
| Miscellaneous current deferred tax liabilities | (95) |
| Net current deferred tax asset | $ 1,815 |

| Net noncurrent deferred tax assets consisted of the following at September 30, 2013: | | |
|---|---|---|
| Foreign interest paid | $ | 3,807 |
| Amortization | | 1,660 |
| Depreciation | | 1,061 |
| Net operating loss carryforwards | | 633 |
| Partnership earnings | | 313 |
| Charitable contributions | | 60 |
| Net noncurrent deferred tax asset | $ | 7,534 |

At September 30, 2013, KNAC Ltd. has net operating loss carryforwards of approximately $2,415 that can be utilized against future taxable income.

## 9. STOCKHOLDER'S EQUITY

The common stock of KNAC Ltd. has a par value of $1 per share with 2,200,000 shares authorized, issued and outstanding at September 30, 2013.

## 10. RELATED PARTIES

$1,123 and $939 of related party charges, which primarily relate to corporate cost allocations and other job costs, are included in cost of revenues and selling, general and administrative expenses, respectively, for the nine months ended September 30, 2013.

## 11. COMMITMENTS AND CONTINGENCIES

The Companies estimate costs associated with particular contingencies such as worker's compensation claims incurred but not reported, legal costs associated with particular contracts and other matters, which are included in accrued payroll and related liabilities and other accrued expenses. While such represent management's best estimates at this time, it is likely that actual results will differ from these estimates and that such differences may be material.

The Companies employ labor subject to various collective bargaining agreements expiring at various dates. Accordingly, at any given time, a portion of the Companies' work force may be employed under collective bargaining agreements that will expire within one year.

At September 30, 2013 the Companies had issued outstanding letters of credit through various issuers in the amount of $7,576.

At September 30, 2013 a portion of KNAC Inc.'s cash balance is included in a group custody cash account maintained by the Parent. Any affiliates included in the group custody account may borrow funds from the Parent as necessary to cover operating cash shortfalls. As part of this arrangement, KNAC Inc. is a guarantor for a portion of the group cash balance.

**MATRIX SERVICE COMPANY**
**INDEX TO UNAUDITED PRO FORMA**
**CONDENSED FINANCIAL STATEMENTS**


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**MATRIX SERVICE COMPANY**

**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The unaudited pro forma condensed combined financial statements are based on the separate historical consolidated financial statements of Matrix Service Company and Kvaerner North American Construction Ltd. ("KNAC Ltd.") and selected net assets and operations of Kvaerner North American Construction Inc ("KNAC Inc.", and together with KNAC Ltd., referred to as "KNAC"). These unaudited pro forma condensed combined financial statements reflect the acquisition and related events using the acquisition method of accounting. The pro forma condensed combined balance sheet gives effect to the acquisition as if it occurred on September 30, 2013; the pro forma condensed combined statements of income give effect to the acquisition as if it occurred on July 1, 2012, the beginning of the Company's 2013 fiscal year. The following pro forma financial statements were derived from and should be read in conjunction with:

- the consolidated financial statements of Matrix Service Company and the related notes for the year ended June 30, 2013 included in Matrix's Annual Report on Form 10-K for the year ended June 30, 2013;

- the unaudited consolidated financial statements of Matrix Service Company and the related notes as of and for the three months ended September 30, 2013 included in Matrix's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013; and

- the audited combined financial statements of KNAC and the related notes as of and for the nine months ended September 30, 2013 included as Exhibit 99.1 to this Current Report on Form 8-K/A.

The unaudited pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place as of the dates indicated nor should it be taken as indicative of our future consolidated results of operations. Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the pro forma financial statements.

The accompanying unaudited pro forma condensed combined financial statements reflect depreciation and amortization estimates which are preliminary, as our identification of the assets and liabilities acquired, and the fair value determinations thereof, for the acquisition has not been completed. The fair value estimates reflected in the accompanying unaudited pro forma condensed combined balance sheet are based on the best estimates available at this time. There is no guarantee that the preliminary fair value estimates, and consequently the unaudited pro forma condensed combined statements of income, will not change. To the extent that the final acquisition accounting results in an increased allocation of goodwill recorded, this amount would not be subject to amortization, but would be subject to annual impairment testing. To the extent the final acquisition accounting results in an increase to the preliminary computation of depreciable property, plant and equipment or amortizable intangible assets, the amount would be subject to depreciation or amortization, which would result in an increase or a decrease to the estimated pro forma income reflected in the accompanying unaudited pro forma condensed combined statements of income. We expect to complete the final acquisition accounting prior to filing our Form 10-K for the year ending June 30, 2014.

**MATRIX SERVICE COMPANY**

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**

**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013**

(In thousands, except per share data)

| | Matrix Service Company | KNAC | Pro Forma Adjustments | | Pro Forma Combined |
|---|---|---|---|---|---|
| Revenues | $ 226,217 | $ 49,449 | $ — | | $ 275,666 |
| Cost of revenues | 200,741 | 39,301 | 240 | (a) | 240,282 |
| Gross profit | 25,476 | 10,148 | (240) | | 35,384 |
| Selling, general and administrative expenses | 14,714 | 6,959 | 95 | (a) | 22,787 |
| | | | 1,019 | (b) | |
| Operating income | 10,762 | 3,189 | (1,354) | | 12,597 |
| Other income (expense): | | | | | |
| Interest expense | (223) | (12) | (71) | (c) | (306) |
| Interest income | 5 | 37 | — | | 42 |
| Other | (88) | — | — | | (88) |
| Income before income tax expense | 10,456 | 3,214 | (1,425) | | 12,245 |
| Provision for federal, state and foreign income taxes | 3,904 | 1,245 | (542) | (d) | 4,607 |
| Net income | $ 6,552 | $ 1,969 | $ (883) | | $ 7,638 |
| Less: Net income attributable to noncontrolling interest | — | 272 | — | | 272 |
| Net income attributable to Matrix Service Company | $ 6,552 | $ 1,697 | $ (883) | | $ 7,366 |
| | | | | | |
| Basic earnings per common share | $ 0.25 | | | | $ 0.28 |
| Diluted earnings per common share | $ 0.25 | | | | $ 0.28 |
| Weighted average common shares outstanding: | | | | | |
| Basic | 26,116 | | | | 26,116 |
| Diluted | 26,647 | | | | 26,647 |

*See accompanying notes.*

**MATRIX SERVICE COMPANY**

**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME**

**FOR THE YEAR ENDED JUNE 30, 2013**

(In thousands, except per share data)

| | Matrix Service Company | KNAC | Pro Forma Adjustments | | Pro Forma Combined |
|---|---|---|---|---|---|
| Revenues | $ 892,574 | $ 203,693 | $ — | | $ 1,096,267 |
| Cost of revenues | 797,872 | 163,461 | 936 | (a) | 962,269 |
| Gross profit | 94,702 | 40,232 | (936) | | 133,998 |
| Equity (loss) in earnings of affiliates | — | (1,653) | — | | (1,653) |
| Selling, general and administrative expenses | 57,988 | 28,642 | 372 | (a) | 91,079 |
| | | | 4,077 | (b) | |
| Operating income | 36,714 | 9,937 | (5,385) | | 41,266 |
| Other income (expense): | | | | | |
| Interest expense | (800) | (2,054) | (285) | (c) | (3,139) |
| Interest income | 32 | 462 | — | | 494 |
| Other | (30) | — | — | | (30) |
| Income before income tax expense | 35,916 | 8,345 | (5,670) | | 38,591 |
| Provision for federal, state and foreign income taxes | 11,908 | 241 | (2,155) | (d) | 9,994 |
| Net income | $ 24,008 | $ 8,104 | $ (3,515) | | $ 28,597 |
| Less: Net income attributable to noncontrolling interest | — | 153 | — | | 153 |
| Net income attributable to Matrix Service Company | $ 24,008 | $ 7,951 | $ (3,515) | | $ 28,444 |
| | | | | | |
| Basic earnings per common share | $ 0.92 | | | | $ 1.10 |
| Diluted earnings per common share | $ 0.91 | | | | $ 1.08 |
| Weighted average common shares outstanding: | | | | | |
| Basic | 25,962 | | | | 25,962 |
| Diluted | 26,358 | | | | 26,358 |

*See accompanying notes.*

**MATRIX SERVICE COMPANY**

**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**

**AS OF SEPTEMBER 30, 2013**

(In thousands)

| | Matrix Service Company | KNAC | Pro Forma Adjustments | | Pro Forma Combined |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 79,762 | $ 28,254 | $ (79,533) | (e) | $ 28,483 |
| Accounts receivable, less allowances | 150,473 | 28,961 | — | | 179,434 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 66,678 | 5,634 | — | | 72,312 |
| Deferred income taxes | 6,063 | 1,815 | (611) | (f) | 7,267 |
| Inventories | 3,172 | — | — | | 3,172 |
| Other current assets | 6,662 | 1,193 | — | | 7,855 |
| Total current assets | 312,810 | 65,857 | (80,144) | | 298,523 |
| Property, plant and equipment, net | 73,327 | 3,348 | 8,029 | (g) | 84,704 |
| Goodwill | 30,887 | 5,597 | (5,597) | (h) | 30,887 |
| | | | 36,311 | (h) | 36,311 |
| Other intangible assets | 7,378 | — | 24,009 | (i) | 31,387 |
| Investment in joint venture | — | 1,338 | — | | 1,338 |
| Long term deferred tax assets | — | 7,534 | (7,534) | (f) | — |
| Other assets | 4,586 | 94 | — | | 4,680 |
| Total assets | $ 428,988 | $ 83,768 | $ (24,926) | | $ 487,830 |
| **Liabilities and stockholders' equity** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 67,799 | $ 5,835 | $ 2,000 | (j) | $ 75,634 |
| Billings on uncompleted contracts in excess of costs and estimated earnings | 75,783 | 24,754 | — | | 100,537 |
| Accrued wages and benefits | 17,850 | 7,369 | — | | 25,219 |
| Accrued insurance | 7,651 | — | — | | 7,651 |
| Income taxes payable | 601 | 3,552 | — | | 4,153 |
| Other accrued expenses | 2,558 | 1,952 | — | | 4,510 |
| Total current liabilities | 172,242 | 43,462 | 2,000 | | 217,704 |
| Deferred income taxes | 7,844 | — | (45) | (f) | 7,799 |
| Borrowings under senior credit facility | 2,426 | — | 15,000 | (k) | 17,426 |
| Total liabilities | 182,512 | 43,462 | 16,955 | | 242,929 |
| Commitments and contingencies | | | | | |
| Stockholders' equity: | | | | | |
| Matrix Service Company stockholders' equity | 246,476 | 39,881 | (39,881) | (l) | 244,476 |
| | | | (2,000) | (j) | |
| Noncontrolling interest | — | 425 | — | | 425 |
| Total stockholders' equity | 246,476 | 40,306 | (41,881) | | 244,901 |
| Total liabilities and stockholders' equity | $ 428,988 | $ 83,768 | $ (24,926) | | $ 487,830 |

*See accompanying notes.*

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

**Note 1 – Basis of Pro Forma Presentation**

Effective as of December 21, 2013, the Company acquired 100% of the stock and voting rights of Kvaerner North American Construction Ltd. and selected net assets and operations of Kvaerner North American Construction Inc., together referenced as "KNAC". The pro forma financial statements have been prepared using the acquisition method of accounting. The pro forma combined balance sheet gives effect to the acquisition as if it occurred on September 30, 2013; the pro forma combined statements of income gives effect to the acquisition as if it occurred on July 1, 2012.

The pro forma adjustments represent management's estimates based on information available as of the time this document was prepared and are subject to revision as additional information becomes available and additional analyses are performed. The pro forma financial statements do not reflect the impact of potential incremental revenues and earnings that may be achieved with the combined capabilities of the companies, nor do they reflect potential cost savings from operating efficiencies, synergies or asset dispositions. Also, the pro forma financial statements do not reflect possible adjustments related to restructuring or integration activities that have yet to be determined or transaction or other costs following the acquisition that are not expected to have a continuing impact.

The unaudited pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place as of the dates indicated nor should it be taken as indicative of our future consolidated results of operations.

**Note 2 – Preliminary Purchase Price Allocation**

The total purchase price of $88.3 million was allocated to tangible and intangible assets and liabilities for purposes of these pro forma financial statements, based on their estimated relative fair values assuming the acquisition was completed on the pro forma balance sheet date presented. The final allocation will be based upon valuations and other studies for which the current information is preliminary. The final purchase price allocation will be determined after completion of a thorough analysis to determine the fair value of the tangible assets and liabilities, including fixed assets and identifiable intangible assets and liabilities. Accordingly, the final acquisition accounting adjustments could differ materially from the pro forma adjustments presented herein. Any increase or decrease in the fair value of the tangible and identifiable intangible assets and liabilities, as compared to the information shown herein, will also change the portion of the purchase price allocable to goodwill and could impact the operating results of the combined company following the acquisition due to differences in amortization related to the acquired assets. The total purchase price was allocated as follows, based on KNAC's September 30, 2013 balance sheet:

| | | |
|---|---|---|
| Net tangible assets | $ | 26,857 |
| Preliminary identifiable intangible assets | | 24,009 |
| Deferred tax asset | | 1,159 |
| Goodwill | | 36,311 |
| Total purchase price | $ | 88,336 |

Preliminary identifiable intangible assets in the pro forma financial statements consist of intangibles derived from customer relationships, a non-compete agreement and acquired backlog and are further discussed in item (b) included in Note 3 - Pro Forma Adjustments.

Goodwill represents the excess of the purchase price over the fair value of the underlying net assets. Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment.

**Note 3 – Pro Forma Adjustments**

Adjustments included in the column under the heading "Pro Forma Adjustments" in the unaudited pro forma condensed combined financial statements correspond to the following descriptions:

***Pro Forma Adjustments to Condensed Combined Statements of Income***

(a) To record an increase in depreciation expense due to revaluation of KNAC's property, plant and equipment to fair value. The following table details the fair values (in thousands):

| | Useful Life (in years) | Fair Value | |
|---|---|---|---|
| Land | N/A | $ | 14 |
| Buildings | 40 | | 75 |
| Leasehold & building improvements | 1.25 - 10 | | 1,258 |
| Construction equipment | 3 - 7 | | 3,687 |
| Transportation equipment | 3 - 5 | | 4,493 |
| Office equipment & software | 3 - 10 | | 1,850 |
| Total | | $ | 11,377 |

(b) To record an increase in amortization expense due to valuation of KNAC's intangible assets at fair value as follows (in thousands):

| | | | | Pro forma amortization expense | | | |
|---|---|---|---|---|---|---|---|
| | Fair Value | | Useful Life (in years) | For the three months ended September 30, 2013 | | For the year ended June 30, 2013 | |
| Customer relationships - Group A | $ | 9,421 | 15.0 | $ | 157 | $ | 628 |
| Customer relationships - Group B | | 11,168 | 8.0 | | 349 | | 1,396 |
| Backlog | | 2,874 | 1.5 | | 479 | | 1,916 |
| Non-compete agreement | | 546 | 4.0 | | 34 | | 137 |
| Total increase to amortization expense | $ | 24,009 | | $ | 1,019 | $ | 4,077 |

(c) The Company borrowed $15.0 million on our existing $125.0 million senior credit facility to partially fund the acquisition. Interest accrues at LIBOR or an Alternate Base Rate, plus in each case, an additional margin ranging between 1.75% and 2.5% and between 0.75% and 1.5%, respectively. The adjustments represent the interest expense on the new debt as if the debt was incurred on July 1, 2012, calculated as follows (in thousands):

| Face Value | For the three months ended September 30, 2013 | | For the year ended June 30, 2013 | |
|---|---|---|---|---|
| $15,000 | $ | 71 | $ | 285 |

(d) To record the tax effect of an assumed statutory tax rate of 38% on all adjustments.

***Pro Forma Adjustments to Condensed Combined Balance Sheet***

(e) To record the cash paid for the acquisition of $88.3 million and the working capital adjustments valued at $6.2 million as of September 30, 2013, offset in part by new debt issued of $15.0 million used to partially fund the acquisition.

(f) Since KNAC Inc. was an asset purchase, the tax basis does not carry over; therefore, the deferred tax balances must be eliminated. The remaining balances are attributable to the purchase of KNAC Ltd. which was a stock purchase with carryover tax basis.

(g) To adjust the fair value of acquired property, plant and equipment. See (a) above for additional information.

(h) Represents the elimination of pre-acquisition goodwill ($5,597) and the recognition of an estimate of acquisition date goodwill ($36,311).

(i) To record intangible assets acquired at an estimated fair value of $24.0 million. See (b) above for additional information.

(j) To record the $2.0 million of acquisition-related expenses.

(k) To record new debt issued under Matrix Service Company's senior revolving credit facility to partially fund the acquisition.

(l) To record the elimination of KNAC's equity at acquisition.