VISKASE COMPANIES, INC.

Financial report for the fiscal quarter ended September 30, 2018

This report has been prepared in accordance with Section 5.04 of the Credit Agreement dated as of January 30, 2014 among Viskase Companies, Inc. (the “Company”) and UBS AG, Stamford Branch as administrative agent and as collateral agent (the “Agent”).

CONSOLIDATED FINANCIAL STATEMENTS OF VISKASE COMPANIES, INC. AND SUBSIDIARIES

1. Financial Statements:

Report of Independent Certified Public Accountants

Consolidated Balance Sheets as of September 30, 2018 (unaudited) December 31, 2017

Consolidated Statements of Operations for the three months and nine months ended September 30, 2018 and September 30, 2017 (unaudited)

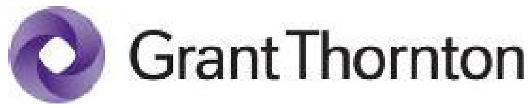
Consolidated Statements of Comprehensive Income for the three months and nine months September 30, 2018 and September 30, 2017 (unaudited)

Consolidated Statements of Stockholders' Equity for the nine months ended September 30, 2018 (unaudited) and the year ended December 31, 2017

Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and March 31, 2017 (unaudited)

2. Notes to Consolidated Financial Statements

3. Management's Discussion and Analysis of Financial Condition and Results of Operations



Grant Thornton LLP
Grant Thornton Tower
171 N. Clark Street, Suite 200
Chicago, IL 60601-3370

T +1 312 856 0200
F +1 312 565 4719
www.GrantThornton.com

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Viskase Companies, Inc.

We have reviewed the accompanying condensed consolidated interim financial statements of Viskase Companies, Inc. (a Delaware corporation) and subsidiaries (the Company), which comprise the condensed consolidated balance sheet, and the related condensed consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows, as of September 30, 2018 and for the three-month and nine-month periods ended September 30, 2018 and 2017, and the related notes to the interim financial statements.

Management s responsibility

The Company's management is responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditor s responsibility

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

Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements referred to above for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on condensed consolidated balance sheet as of December 31, 2017

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of the Company as of December 31, 2017, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 29, 2018. In our opinion, the accompanying condensed consolidated balance sheet of the Company as of December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Chicago, Illinois
November 15, 2018

VISKASE COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except for Number of Shares)

	September 30, 2018	December 31, 2017
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	$49,284	$16,050
Restricted cash	1,159	1,544
Receivables, net	78,466	77,961
Inventories	97,370	91,589
Other current assets	36,950	39,444
Total current assets	263,229	226,588
Property, plant and equipment	361,226	349,809
Less accumulated depreciation	(193,080)	(178,757)
Property, plant and equipment, net	168,146	171,052
Asset held for sale	-	360
Other assets, net	18,263	18,606
Intangible assets	24,936	26,859
Goodwill	3,463	3,580
Deferred income taxes	33,786	35,091
Total Assets	$511,823	$482,136
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$3,522	$4,774
Short-term portion of capital lease obligations	514	481
Accounts payable	29,825	35,954
Accrued liabilities	44,084	38,047
Total current liabilities	77,945	79,256
Long-term debt, net of current maturities	266,452	269,915
Capital lease obligations, net of current portion	635	986
Long-term liabilities	9,762	10,138
Accrued employee benefits	75,056	78,415
Deferred income taxes	9,009	9,567
Stockholders' equity:		
Common stock, $0.01 par value; 53,995,935 shares issued and 53,190,665 outstanding at September 30, 2018 and 37,329,269 shares issued and 36,523,999 outstanding at December 31, 2017	540	373
Paid in capital	82,787	32,786
Retained earnings	68,042	81,891
Less 805,270 treasury shares, at cost	(298)	(298)
Accumulated other comprehensive loss	(77,765)	(80,749)
Total Viskase stockholders' equity	73,306	34,003
Deficit attributable to non-controlling interest	(342)	(144)
Total stockholders' equity	72,964	33,859
Total Liabilities and Stockholders' Equity	$511,823	$482,136

See notes to consolidated financial statements.

VISKASE COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands)
(Unaudited)

	3 Months Ended September 30, 2018	3 Months Ended September 30, 2017	9 Months Ended September 30, 2018	9 Months Ended September 30, 2017
NET SALES	$98,265	$99,316	$299,344	$288,112
Cost of sales	76,889	75,392	233,155	217,647
GROSS MARGIN	21,376	23,924	66,189	70,465
Selling, general and administrative	13,521	13,387	42,804	43,651
Amortization of intangibles	404	379	1,250	1,141
Restructing expense	10,320	397	10,320	2,268
OPERATING INCOME	(2,869)	9,761	11,815	23,405
Interest income	196	22	366	60
Interest expense	4,067	3,498	11,655	10,042
Other expense (income), net	2,059	(1,128)	14,579	200
(LOSS) INCOME BEFORE INCOME TAXES	(8,799)	7,413	(14,053)	13,223
Income tax (benefit) provision	1,636	2,921	(6)	4,972
NET (LOSS) INCOME	($10,435)	$4,492	($14,047)	$8,251
Less: net (loss) attributable to noncontrolling interests	(56)	(124)	(198)	(124)
Net (loss) income attributable to Viskase Companies, Inc	($10,379)	$4,616	($13,849)	$8,375

See notes to consolidated financial statements.

VISKASE COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands)
(Unaudited)

	3 Months Ended September 30, 2018	3 Months Ended September 30, 2017	9 Months Ended September 30, 2018	9 Months Ended September 30, 2017
Net (loss) income	($10,435)	$4,492	($14,047)	$8,251
Other comprehensive income, net of tax				
Pension liability adjustment	26	1,183	8,369	3,593
Foreign currency translation adjustment	(1,603)	2,668	(5,385)	8,324
Other comprehensive income, net of tax	(1,577)	3,851	2,984	11,917
Comprehensive income	($12,012)	$8,343	($11,063)	$20,168
Less: comprehensive (loss) attributable to noncontrolling	(56)	(124)	(198)	(124)
Net comprehensive income attributable to Viskase	($11,956)	$8,467	($10,865)	$20,292

See notes to consolidated financial statements.

VISKASE COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands)
(Unaudited)

	Common stock	Paid in capital	Treasury stock	Retained earnings	Accumulated other comprehensive loss	Total stockholders' equity	Non-controlling Interest	Total stockholders' equity
Balance December 31, 2016	$373	$32,472	($298)	$85,832	($88,652)	$29,727	$ -	$29,727
Net loss	-	-	-	(4,097)	-	(4,097)	(144)	(4,241)
Foreign currency translation adjustment	-	-	-	-	6,647	6,647	-	6,647
Pension liability adjustment, net of tax	-	-	-	-	1,256	1,256		1,256
Cumulative-effect adjustment, net of tax adpoting ASU 2016-09	-	-	-	156	-	156		156
Stock option exercise	-	314	-	-	-	314	-	314
Balance December 31, 2017	$373	$32,786	($298)	$81,891	($80,749)	$34,003	($144)	$33,859
Net loss	-	-	-	($13,849)	-	(13,849)	(198)	(14,047)
Foreign currency translation adjustment	-	-	-	-	(5,385)	(5,385)	-	(5,385)
Pension liability adjustment, net of tax	-	-	-	-	8,369	8,369	-	8,369
Issuance of common stock	167	49,833	-	-	-	50,000	-	50,000
Stock option expense	-	168	-	-	-	168	-	168
Balance September 30, 2018 (unaudited)	$540	$82,787	($298)	$68,042	($77,765)	$73,306	$ (342)	$72,964

See notes to consolidated financial statements.

VISKASE COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	9 Months Ended Septmeber 30, 2018	9 Months Ended September 30, 2017
Cash flow s from operating activities:		
Net (loss) income	($14,047)	$8,251
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	17,040	16,251
Stock-based compensation	168	168
Amortization of intangibles	1,250	1,141
Amortization of deferred financing fees	450	450
Postretirement settlement charge	7,432	201
Non-cash interest	287	459
Loss (gain) on disposition of assets	223	417
Foreign currency transaction gain	-	298
Bad debt provision	120	470
Changes in operating assets and liabilities:		
Receivables	(1,613)	(1,543)
Inventories	(7,247)	(8,419)
Other current assets	2,222	(2,149)
Other assets	343	(2,956)
Accounts payable	(5,470)	(788)
Accrued liabilities	6,950	24
Accrued employee benefits	(2,195)	2,765
Other	(253)	569
Total adjustments	19,707	7,358
Net cash provided by operating activities	5,660	15,609
Cash flow s from investing activities:		
Capital expenditures	(16,770)	(15,149)
Acquisition of businesses, net of cash acquired	-	(31,141)
Proceeds from disposition of assets	52	308
Net cash used in investing activities	(16,718)	(45,982)
Cash flow s from financing activities:		
Issuance of common stock	50,000	-
Deferred financing costs	(120)	(120)
Proceeds from long-term debt	2,347	-
Proceeds from revolving loan	-	3,000
Proceeds from restructured term loan	-	7,716
Repayment of capital lease	(368)	(341)
Repayment of short term debt	(7,281)	(2,063)
Net cash provided by financing activities	44,578	8,192
Effect of currency exchange rate changes on cash	(671)	1,134
Net increase (decrease) in cash, equivalents and restricted cash	32,849	(21,047)
Cash, equivalents and restricted cash at beginning of period	17,594	41,192
Cash, equivalents and restricted cash at end of period	$50,443	$20,145
Supplemental cash flow information:		
Interest paid	$10,859	$9,066
Income taxes paid	$1,420	$4,276

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands)
(Unaudited)

1. Summary of Significant Accounting Policy

Nature of Operations

Viskase Companies, Inc. together with its subsidiaries ("we" or the "Company") is a producer of non-edible cellulosic, fibrous and plastic casings used to prepare and package processed meat products, and provides value-added support services relating to these products, for some of the largest global consumer products companies. We were incorporated in Delaware in 1970. The Company operates eleven manufacturing facilities, six distribution centers and three service centers in North America, Europe, South America, and Asia and, as a result, is able to sell its products in nearly one hundred countries throughout the world.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company. Intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements

The financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America and include the use of estimates and assumptions that affect a number of amounts included in the Company's financial statements, including, among other things, pensions and other postretirement benefits and related disclosures, reserves for excess and obsolete inventory, allowance for doubtful accounts, and income taxes. Management bases its estimates on historical experience and other assumptions that we believe are reasonable. If actual amounts are ultimately different from previous estimates, the revisions are included in the Company's results for the period in which the actual amounts become known. Historically, the aggregate differences, if any, between the Company's estimates and actual amounts in any year have not had a significant effect on the Company's consolidated financial statements.

Change of Estimates in the Preparation of Financial Statements

During the first quarter of 2018, the Company has changed its estimate for amortization of unrecognized loss on its U.S. pension plan. The Company was amortizing the unrecognized loss based on average expected future service of participants. Since the plan is frozen, the Company has changed the amortization to be the average expected lifetime of all plan participants. The change in estimate has decreased our amortization of unrecognized loss from $3,651 to $1,036 for 2018.

Reclassifications

Certain prior period financial statement balances have been reclassified to conform to the current period presentation.

In connection with our adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-18, Restricted Cash, we decreased our net cash provided by financing activities for the nine months ended September 30, 2017 by $519. Cash, cash equivalents and restricted cash are now presented in total in the consolidated statement of cash flows.

In connection with our adoption of FASB issued ASU No. 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, the components of net periodic benefit cost other than the service cost component are included in the line item other expense in the income statement. As a result, the Company has decreased our selling, general and administrative expense by $889 and increased other expense by $889 for the three months ended September 30, 2017 and $2,269 for the nine months ended September 30, 2017.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers cash equivalents to consist of all highly liquid debt investments purchased with an initial maturity of approximately three months or less. Due to the short-term nature of these instruments, the carrying values approximate the fair market value. Of the cash held on deposit, essentially all of the cash balance was in excess of amounts insured by the Federal Deposit Insurance Corporation or other foreign provided bank insurance. The Company performs periodic evaluations of these institutions for relative credit standing and has not experienced any losses as a result of its cash concentration. Consequently, no significant concentrations of credit risk are considered to exist.

Receivables

Trade accounts receivable are classified as current assets and are reported net of allowance for doubtful accounts. This estimated allowance is primarily based upon our evaluation of the financial condition of each customer, each customer's ability to pay and historical write-offs.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by using the first-in, first-out ("FIFO") basis method.

Property, Plant and Equipment

The Company carries property, plant and equipment at cost, less accumulated depreciation. Property and equipment additions include acquisition of property and equipment and costs incurred for computer software purchased for internal use including related external direct costs of materials and services and payroll costs for employees directly associated with the project. Upon retirement or other disposition, cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in results of operations. Depreciation is computed on the straight-line method using a half year convention over the estimated useful lives of the assets ranging from (i) building and improvements - 10 to 32 years, (ii) machinery and equipment - 4 to 12 years, (iii) furniture and fixtures - 3 to 12 years, (iv) auto and trucks - 2 to 5 years, (v) data processing – 3 to 7 years and (vi) leasehold improvements - shorter of lease or useful life.

In the ordinary course of business, we lease certain equipment, consisting mainly of autos, and certain real property. Real property consists of manufacturing, distribution and office facilities.

During 2017, the Company approved a restructuring plan in its European segment that included the marketing and sale of a certain fixed asset. The Company has approved a plan for sale and recorded the asset as Asset Held for Sale at year end. We have closed the sale of the asset in the third quarter of 2018.

Deferred Financing Costs

Deferred financing costs are presented in the balance sheet as a direct deduction from the carrying amount of debt liability and amortized as expense using the effective interest rate method over the expected term of the related debt agreement. Amortization of deferred financing costs is classified as interest expense.

Intangible Assets and Goodwill

The Company has recognized definite lived intangible assets for patents and trademarks, customer relationships, technologies and in-place leases. The intangible assets are amortized on the straight-line method over an estimated weighted average useful life of 12 years for patents and trademarks, 20 years for customer relationships, 13 years for technologies and 14 years for in-place leases.

We evaluate the carrying value of goodwill on at least an annual basis by applying a fair-value-based test. In evaluating the recoverability of the carrying value of goodwill, we must make assumptions regarding the fair value of our reporting units, as defined under FASB ASC Topic 350. Goodwill

impairment testing involves comparing the fair value of our reporting units to their carrying values. If the book value of the reporting unit exceeds its fair value, the goodwill of the reporting unit is considered to be impaired. The amount of impairment loss is equal to the excess of the book value of the goodwill over the fair value of goodwill. The reporting unit fair value is based upon consideration of various valuation methodologies, including guideline transaction multiples, multiples of current earnings, and projected future cash flows discounted at rates commensurate with the risk involved.

Long-Lived Assets

The Company continues to evaluate the recoverability of long-lived assets including property, plant and equipment, trademarks and patents. Impairments are recognized when the expected undiscounted future operating cash flows derived from long-lived assets are less than their carrying value. If impairment is identified, valuation techniques deemed appropriate under the particular circumstances will be used to determine the asset's fair value. The loss will be measured based on the excess of carrying value over the determined fair value. The review for impairment is performed whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable.

Shipping and Handling

The Company periodically bills customers for shipping charges. These amounts are included in net revenue, with the associated costs included in cost of sales.

Pensions and Other Postretirement Benefits

The Company uses appropriate actuarial methods and assumptions in accounting for its defined benefit pension plans and non-pension postretirement benefits.

Actual results that differ from assumptions used are accumulated and amortized over future periods and, accordingly, generally affect recognized expense and the recorded obligation in future periods. Therefore, assumptions used to calculate benefit obligations as of the end of a fiscal year directly impact the expense to be recognized in future periods. The primary assumptions affecting the Company's accounting for employee benefits as of September 30, 2018 are as follows:

- Long-term rate of return on plan assets: The required use of the expected long-term rate of return on plan assets may result in recognized returns that are greater or less than the actual returns on those plan assets in any given year. Over time, however, the expected long-term rate of return on plan assets is designed to approximate actual earned long-term returns. The Company uses long-term historical actual return information, the mix of investments that comprise plan assets, and future estimates of long-term investment returns by reference to external sources to develop an assumption of the expected long-term rate of return on plan assets. The expected long-term rate of return is used to calculate net periodic pension cost. In determining its pension obligations, the Company is using a long-term rate of return on U.S. plan assets of 6.85% for 2018. The Company is using a long-term rate of return on French plan assets of 3.20% for 2018. The German pension plan has no assets.

- Discount rate: The discount rate is used to calculate future pension and postretirement obligations. The Company is using a Mercer Bond yield curve in determining its pension obligations. The Company was using a discount rate of 3.86% for the first quarter of 2018 and then remeasured net periodic benefit cost with the settlement accounting on the plan and will use 4.15% for the remainder of 2018. The Company is using a weighted average discount rate of 1.74% on its non-U.S. pension plans for 2018.

Income Taxes

Deferred tax assets and liabilities are measured using enacted tax laws and tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. In addition, the amounts of any

future tax benefits are reduced by a valuation allowance to the extent such benefits are not expected to be realized on a more likely than not basis. Interest and penalties related to unrecognized tax benefits are included as a component of tax expense.

Other Comprehensive Income (Loss)

Comprehensive income (loss) includes all other non-stockholder changes in equity. Changes in other comprehensive income (loss) in 2018 and 2017 resulted from changes in foreign currency translation and minimum pension liability.

Revenue Recognition

Revenues are recognized at the time products are shipped to the customer, under F.O.B shipping point or F.O.B port terms, which is the point at which title is transferred, the customer has the assumed risk of loss, and when payment has been received or collection is reasonably assured. Revenues are net of discounts, rebates and allowances. Viskase records all labor, raw materials, in-bound freight, plant receiving and purchasing, warehousing, handling and distribution costs as a component of costs of sales.

Acquisitions of Businesses

We account for business combinations under the acquisition method of accounting (other than acquisitions of businesses under common control), which requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement.

Accounting for business combinations requires us to make significant estimates and assumptions, especially at the acquisition date including our estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. In valuing our acquisitions we estimate fair values based on industry data and trends and by reference to relevant market rates and transactions, and discounted cash flow valuation methods, among other factors. The discount rates used were commensurate with the inherent risks associated with each type of asset and the level and timing of cash flows appropriately reflect market participant assumptions. The primary items that generate goodwill include the value of the synergies between the acquired company and our existing businesses and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset.

Financial Instruments

The Company routinely enters into fixed price natural gas agreements which require us to purchase a portion of our natural gas each month at fixed prices. These fixed price agreements qualify for the “normal purchases” scope exception under derivative and hedging standards, therefore the natural gas purchases under these contracts were expensed as incurred and included within cost of sales. As of September 30, 2018 future annual minimum purchases remaining under the agreement are $1,730.

The Company’s financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts of these financial assets and liabilities approximate fair value due to the short maturities of these instruments. Management believes the fair value of the Company’s revolving loans approximate the carrying value due to credit risk or current market rates, which approximate the effective interest rates on those instruments. The fair value of the Company’s Term Loan is estimated by discounting the future cash flow using the Company’s current borrowing rates for similar types and maturities of debt.

New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes FASB ASC Topic 840, Leases. This ASU requires the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. In addition, among other changes to the accounting for leases, this ASU retains the distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous guidance. Furthermore, quantification and qualitative disclosures, including disclosures regarding significant judgments made by management, will be required. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The amendments in this ASU should be applied using a modified retrospective approach. Early application is permitted. In addition, in July 2018, the FASB issued ASU No. 2018-11, Leases (Topic 842), which provides an additional (and optional) transition method to adopt the new leases standard. We anticipate adopting the new leases standard using the new transition method option effective January 1, 2019, which will require adopting the new leases standard at the adoption date and recognizing a cumulative-effect adjustment to the opening balance of equity in the period of adoption instead of the earliest period presented. In addition, prior period presentation and disclosure will not be adjusted. We believe the most significant impact will relate to the recognition of right-of-use assets and lease liabilities on our condensed consolidated balance sheets for long-term operating leases. We anticipate our assessment and implementation plan to be ongoing during the remainder of 2018 and continue to evaluate the impact of this standard on our condensed consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, “Intangibles-Goodwill and Other” (Topic 350). This ASU modifies the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. An entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Because the update will eliminate Step 2 from the goodwill impairment test, it should reduce the cost and complexity of evaluating goodwill for impairment. The Company has early adopted this ASU for interim or annual goodwill impairment tests performed on testing dates after January 1, 2018.

In March 2017, the FASB issued ASU No. 2017-07, Retirement Benefits, which amends FASB ASC Topic 715, Compensation - Retirement Benefits. This ASU requires entities to present the service cost component of net periodic benefit cost in the same line item or items in the financial statements as other compensation costs arising from services rendered by the pertinent employees during the period. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company has adopted the provisions of ASU 2017-07 on January 1, 2018 and has reclassified items other than service cost component to other income/expense in the statement of operations.

In February 2018, the FASB issued ASU 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which amends FASB ASC Topic 220, Income Statement - Reporting Comprehensive Income. This ASU allows a reclassification out of accumulated other comprehensive loss within equity for standard tax effects resulting from the Tax Cuts and Jobs Act and consequently, eliminates the stranded tax effects resulting from the Tax Cuts and Jobs Act. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract, which amends FASB ASC Subtopic 350-40, Intangibles-Goodwill and Other-Internal-Use Software. This ASU adds certain disclosure requirements related to implementation costs incurred for internal-use software and cloud computing arrangements. The amendment aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for

capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The amendments in this ASU should be applied either using a retrospective or prospective approach. Early adoption is permitted. We are currently evaluating the impact of this standard on our condensed consolidated financial statements.

2. Revenue from Contracts with Customers

The Company's revenues are comprised of product sales. All revenue is recognized when the Company satisfies its performance obligation(s) under the contract (either implicit or explicit) by transferring the promised product to its customer when its customer obtains control of the product. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. A contract's transaction price is allocated to each distinct performance obligation. Substantially all of the Company's contracts have a single performance obligation, as the promise to transfer products is not separately identifiable from other promises in the contract and, therefore, not distinct.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. The nature of the Company's contracts gives rise to several types of variable consideration. As such, revenue is recorded net of estimated discounts, rebates and allowances. These estimates are based on historical experience, anticipated performance and the Company's best judgment at the time. Because of the Company's certainty in estimating these amounts, they are included in the transaction price of its contracts.

Sales, value add, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

Substantially all of the Company's revenue is from products transferred to customers at a point in time. The Company recognizes revenue at the point in time in which the customer obtains control of the product, which is generally when product title passes to the customer upon shipment. In certain cases, title does not transfer and revenue is not recognized until the customer has received the products at its physical location or at port.

The Company does not have significant contract assets or liabilities as of September 30, 2018 or December 31, 2017.

As of January 1, 2018 when we adopted the accounting guidence, we increased accounts receivable by $238, other current assets by $28 and accrued liabilities by $266 for product returns to reflect the value of inventory to be returned and to record a liability. Previously, product returns were recorded as a reduction to accounts receivable.

	December 31, 2017	Impact of Modified Retrospective Adoption of ASC 606	January 1, 2018 Post ASC 606 Adoption
Receivables, net	$77,961	$238	$78,199
Other current assets	91,589	28	$91,617
Accrued liabilities	38,047	266	$38,313

At September 30, 2018, the amounts recorded for the adotion of ASC 606 are to increase accounts receivable by $274, other current assets by $28 and accrued liabilities by $310 for product returns to reflect the value of inventory to be returned and to record a liability.

Neither product line nor regional location of sale significantly impacts nature, amount, timing or uncertainty of revenue and cash flows.

3. Cash and cash equivalents

	September 30, 2018	December 31, 2017
Cash and cash equivalents	$49,284	$16,050
Restricted cash	1,159	1,544
	$50,443	$17,594

As of September 30, 2018 and December 31, 2017, cash held in foreign banks was $22,577 and $13,590, respectively.

As of September 30, 2018 and December 31, 2017, letters of credit in the amount of $985 and $1,544, respectively, were outstanding under facilities with a commercial bank, and were cash collateralized in a restricted account.

4. Inventory

Inventory consisted of:

	September 30, 2018	December 31, 2017
Raw materials	$20,637	$18,224
Work in process	42,605	40,194
Finished products	34,128	33,171
	$97,370	$91,589

5. Debt Obligations

	September 30, 2018	December 31, 2017
Short-term debt:		
Bank term loan	$2,750	$2,750
Europe bank loan	772	2,024
Total short-term debt	3,522	4,774
Long-term debt:		
Bank term loan, net of discount	257,746	259,403
Revolving credit facility	-	3,000
Europe bank loan	1,350	-
Restructured term loan	6,933	7,103
Other	423	409
Total long-term debt	266,452	269,915
Total debt	$269,974	$274,689

Revolving Credit Facility

On January 30, 2014, the Company entered into an Amendment Agreement to the $25,000 Revolving Credit Facility, together with an amended Loan Agreement, with Icahn Enterprises Holdings L.P. Drawings under the amended Revolving Credit Facility bear interest at daily three month LIBOR plus 2.0%. The amended Revolving Credit Facility also provides for an unused line fee of 0.375% per annum.

On March 1, 2016, the Company entered into the Tenth Amendment to the Loan and Security Agreement with Icahn Enterprises L.P., extending the maturity date of the Revolving Credit Facility from January 30, 2017 to January 30, 2020.

Indebtedness under the amended Revolving Credit Facility is secured by liens on substantially all of the Company's domestic and Mexican assets, with liens on (i) accounts, inventory, lockboxes, deposit accounts and investment property (the "ABL Priority Collateral') to be contractually senior to the liens securing the Term Loan (as hereafter defined) pursuant to an intercreditor agreement, (ii) real property, fixtures and improvements thereon, equipment and proceeds thereof (the "Fixed Asset Priority Collateral"), to be contractually subordinate to the liens securing the Term Loan pursuant to such intercreditor agreement, and (iii) all other assets, to be contractually pari passu with the liens securing the Term Loan pursuant to such intercreditor agreement. Our future direct or indirect material domestic subsidiaries are required to guarantee the obligations under the amended Revolving Credit Agreement, and to provide security by liens on their assets as described above.

The amended Revolving Credit Facility contains various covenants which restrict the Company's ability to, among other things, incur indebtedness, create liens on our assets, make investments, enter into merger, consolidation or acquisition transactions, dispose of assets (other than in the ordinary course of business), make certain restricted payments, enter into sale and leaseback transactions and transactions with affiliates, in each case subject to permitted exceptions. The amended Revolving Credit Facility also requires that we comply with certain financial covenants, including meeting a minimum EBITDA requirement and limitations on capital expenditures, in the event our usage of the Revolving Credit Facility exceeds 90% of the facility amount. The Company is in compliance with the Revolving Credit Facility covenants as of September 30, 2018. The amended Revolving Credit Facility had no borrowings as of September 30, 2018 and $3,000 at December 31, 2017.

In its foreign operations, the Company has unsecured lines of credit with various banks providing approximately $8,000 of availability. There were no borrowings under the lines of credit at September 30, 2018.

Term Loan Facility

On January 30, 2014, the Company entered into a Credit Agreement with UBS AG, Stamford Branch ("UBS"), as Administrative Agent and Collateral Agent, and the Lenders parties thereto, providing for a $275,000 senior secured covenant lite term loan facility ("Term Loan"). The Term Loan bears interest at a LIBOR Rate plus 3.25% (with the LIBOR Rate carrying a 1.00% floor or at a Base Rate equal to the sum of (1) the greatest of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 0.50%, (c) one-month LIBOR plus 1.0%, or (d) 2.0%, plus (2) 2.25%). As of September 30, 2018, the interest rate was 5.64% on the Term Loan. The Term Loan has a contractual obligation to repay 1% annually that has been classified as short term debt. The maturity date on the Term Loan is January 30, 2021. The Term Loan is subject to certain additional mandatory prepayments upon asset sales, incurrence of indebtedness not otherwise permitted, and based upon a percentage of excess cash flow. Prepayments on the Term Loan may be made at any time, subject to a prepayment premium of 1% for certain prepayments during the first six months of the term.

Indebtedness under the Term Loan is secured by liens on substantially all of the Company's domestic and Mexican assets, with liens on (i) the Fixed Asset Priority Collateral, to be contractually senior to the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement, (ii) the ABL Priority Collateral, to be contractually subordinate to the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement, and (iii) all other assets, to be contractually pari passu with the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement. Our future direct or indirect material domestic subsidiaries are required to guarantee the obligations under the Term Loan, and to provide security by liens on their assets as described above.

Restructured Term Loan

On December 30, 2016, the Company entered into a Share and Asset Purchase Agreement ("SAPA") to purchase all of the shares in CT Casings Beteiligungs GmbH ("Walsroder") and certain assets of Poly-clip Systems LLC. As part of the consideration for the purchase, a former Seller shareholder loan was restructured and remained outstanding at the January 10, 2017 closing in the original amount of EUR 8,111 or $9,257. The Restructured Term Loan is due for repayment as follows: EUR

1,688 was paid on January 10, 2018; and the balance of EUR 6,423 is due on January 10, 2020. The Restructured Term Loan bears no interest, and was recorded for a book value of EUR 7,320 using an imputed interest rate of 4%.

Europe Bank Loan

On July 18, 2018, the French affiliate of the Company entered into a Term Loan Agreement with Credit Industriel Et Commercial ("CIC"), providing for a €2,000 term loan ("CIC Term Loan"). The CIC Term Loan bears interest at 0.70% with a three year maturity. The CIC Term Loan has a contractual obligation to repay 8.33% of face value of the loan on a quarterly basis . The maturity date on the Term Loan is May 15, 2021. Prepayments on the CIC Term Loan are permitted with advance notice of 30 days.

Debt Maturity

The aggregate maturities of debt (1) for each of the next five years are:

	2018 (2)	2019	2020	2021	2022	Thereafter
Term Loan Facility	$ 688	$ 2,750	$ 2,750	$ 255,750	$ -	$ -
Europe Bank Loan	193	772	772	386	-	-
Restructured Term Loan	-	-	7,435	-	-	-
Other	-	-	-	-	-	931
	$ 881	$ 3,522	$ 10,957	$ 256,136	$ -	$ 931

(1) The aggregate maturities of debt represent amounts to be paid at maturity and not the current carrying value of the debt.
(2) The amounts are for the remainder of the calendar year.

6. Capital Lease Obligations

The Company has entered into capital lease obligations to acquire certain equipment and building improvements for its manufacturing facilities. The equipment leases have a term of 3 to 5 years and the building improvement lease has a term of 5 years. The Company has determined that automobiles leased by the Company are capital leases with an average term of 4 years. The depreciation of capital leases is included in depreciation expense.

The following is an analysis of leased property under capital leases by major classes as of September 30, 2018 and December 31, 2017.

	September 30, 2018	December 31, 2017
Building and improvements	$453	$453
Machinery and equipment	3,638	3,665
Less: Accumulated depreciation	(2,942)	(2,651)
	$1,149	$1,467

The following is a schedule by years of minimum future lease payments as of September 30, 2018.

Year ending December 31,	
2018	$144
2019	524
2020	513
2021	37
2022	10
Thereafter	-
Total minimum payments required	1,228
Less amount representing interest	(79)
Present value of net minimum lease payments	$1,149

7. Accrued Liabilities

Accrued liabilities were comprised of:

	September 30, 2018	December 31, 2017
Compensation and employee benefits	$12,296	$13,210
Taxes payable	9,665	13,606
Accrued customer liabilities	4,800	4,598
Accrued interest payable	109	89
Restructuring reserve	10,430	200
Other	6,784	6,344
	$44,084	$38,047

8. Goodwill and Intangible Assets, net

The Company currently has $3,463 of goodwill with no impairment.

Intangible assets, net consists of the following:

	September 30, 2018		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Definite live intangible assets:			
Customer relationships	$20,304	($1,771)	$18,533
Technologies	2,429	(340)	2,089
Patents/Trademarks	9,470	(5,342)	4,128
In-place leases	211	(25)	186
	$32,414	($7,478)	$24,936

	December 31, 2017		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Definite live intangible assets:			
Customer relationships	$21,036	($1,052)	$19,984
Technologies	2,517	(199)	2,318
Patents/Trademarks	9,413	(5,059)	4,354
In-place leases	219	(16)	203
	$33,185	($6,326)	$26,859

Amortization expense associated with definite-lived intangible assets was $1,250 and $1,141 for the nine months ended September 30, 2018 and 2017, respectively. We utilize the straight-line method of amortization, recognized over the estimated useful lives of the assets.

9. Income Taxes

The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. During the years ended December 31, 2017 and 2016, the Company recorded adjustments for interest of $154 and $311, respectively, and for penalties of $(212) and $123, respectively related to these unrecognized tax benefits. In total, as of December 31, 2017 and 2016, the Company has recorded a liability of interest of $674 and $520, respectively, and $242 and $454, respectively, for potential penalties.

Approximately $11,855 of the total gross unrecognized tax benefits represents the amount that, if recognized, would affect the effective income tax rate in future periods. The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. The Company has substantially concluded all U.S. federal income tax matters for years through 2013. Substantially all material state and local and foreign income tax matters have been concluded for years through 2011. Based on the expiration of the statue of limitations for certain jurisdictions, it is reasonably possible that the unrecognized tax benefits will decrease in the next twelve months by approximately $100.

10. Retirement Plans

On March 15, 2018, the Company purchased an annuity contract for a preliminary amount of $29,258. The contract was finalized on Septemebr 26, 2018 for a final amount of $28,403 which affected 1,034 participants in the U.S. defined benefit pension plan. The purchase of this annuity contract will lower our projected benefit obligation by $28,403. The Company recognized a settlement charge of $7,432 in Other expense related to the annuity purchase.

The Company has contributed $2,704 to pension benefits in the U.S. during the nine months ended September 30, 2018 and expects to contribute an additional $478 during the remainder of the year.

The Company and its subsidiaries have defined contribution and defined benefit plans varying by country and subsidiary.

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	3 Months Ended September 30 2018	3 Months Ended September 30 2017	3 Months Ended September 30 2018	3 Months Ended September 30 2017
Component of net period benefit cost				
Service cost	$ -	$ -	$119	$147
Interest cost	1,276	1,666	110	106
Expected return on plan assets	(1,374)	(1,927)	(10)	(18)
Amortization of prior service cost	-	-	3	-
Amortization of actuarial loss	231	1,151	30	61
Settlement charge	(181)	-	-	-
	$ (48)	$ 890	$252	$296

	U.S. Pension Benefits		Non U.S. Pension Benefits	
	9 Months Ended September 30 2018	9 Months Ended September 30 2017	9 Months Ended September 30 2018	9 Months Ended September 30 2017
Component of net period benefit cost				
Service cost	$ -	$ -	$367	$422
Interest cost	4,053	4,997	341	305
Expected return on plan assets	(4,631)	(5,782)	(31)	(53)
Amortization of prior service cost	-	-	10	-
Amortization of actuarial loss	812	3,454	92	174
Settlement charge	7,432	-	-	-
	$ 7,666	$ 2,669	$779	$848

All components of net period benefit cost except service cost are recorded in Other Expense in the Consolidated Statement of Operations.

11. Contingencies

The Company from time to time is involved in various other legal proceedings, none of which are expected to have a material adverse effect upon results of operations, cash flows or financial condition.

12. Stock-Based Compensation (Dollars in Thousands, Except Per Share Amounts)

Stock-based compensation cost is measured at the grant date based on fair value of the award and is recognized as an expense on a straight-line basis over the requisite service period, which is the vesting period. Included in net income is non-cash compensation expense of $56 for the three months ended September 30, 2018 and September 30, 2017, and $168 for the nine months ended September 30, 2018 and September 30, 2017.

The fair values of the options granted during 2016 and 2013 were estimated on the date of grant using the binomial option pricing model. The assumptions used and the estimated fair values are as follows:

	2016	2013
Expected term	10 years	10 years
Expected stock volatility	4.38%	17.33%
Risk-free interest rate	2.45%	1.75%
Expected forfeiture rate	0.00%	0.00%
Fair value per option	$1.12	$0.51

In December 2016, the Company granted non-qualified stock options to its current chief executive officer for the purchase of 600,000 shares of its common stock under an employment agreement. Options were granted at the fair market value at date of grant and will vest one third each on December 31, 2017, December 31, 2018 and December 31, 2019. The options for the chief executive officer expire on December 31, 2026.

In April 2013, the Company granted non-qualified stock options to its current chief administrative officer for the purchase of 325,000 shares of its common stock under an employment agreement. Options were granted at the fair market value at date of grant and are fully vested. The options for the chief administrative officer expire on April 16, 2023.

The Company's outstanding options were:

	Shares Under Option	Weighted Average Exercise Price
Outstanding, December 31, 2017	925,000	$4.45
Granted	-	-
Exercised	-	-
Forfeited	-	-
Outstanding, September 30, 2018	925,000	$4.45

Vested and exercisable options as of September 30, 2018 were 525,000 with a weighted average share price of $5.92.

13. Fair Value Measures

U.S. GAAP requires enhanced disclosures about investments and non-recurring non-financial assets and non-financial liabilities that are measured and reported at fair value and has established a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments or non-financial assets and liabilities at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.
Investments and non-financial assets and/or liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 include listed equities and listed derivatives. We do not adjust the quoted price for these investments, even in situations where we hold a large position.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. The inputs and assumptions of our Level 2 investments are derived from market observable sources including reported trades, broker/dealer quotes and other pertinent data.

Level 3 - Pricing inputs are unobservable for the investment and non-financial asset and/or liability and include situations where there is little, if any, market activity for the investment or non-financial asset and/or liability. The inputs into the determination of fair value require significant management

judgment or estimation. Fair value is determined using comparable market transactions and other valuation methodologies, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the investment. Significant transfers, if any, between the levels within the fair value hierarchy are recognized at the beginning of the reporting period when changes in circumstances require such transfers.

14. Related-Party Transactions

As of September 30, 2018, Icahn Enterprises L.P. owned approximately 78.6% of our outstanding common stock. There were 14,564,832 shares of common stock purchased during the period ended June 30, 2018 as a result of our Rights Offering.

Insight Portfolio Group LLC ("Insight Portfolio Group") is an entity formed and controlled by Mr. Icahn in order to maximize the potential buying power of a group of entities with which Mr. Icahn has a relationship in negotiating with a wide range of suppliers of goods, services and tangible and intangible property at negotiated rates.

On January 1, 2013, Viskase acquired a minority equity interest in Insight Portfolio Group and agreed to pay a portion of Insight Portfolio Group's operating expenses, which is approximately $189 and $184 for the nine months ended September 30, 2018 and September 30, 2017. A number of other entities with which Mr. Icahn has a relationship also acquired equity interests in Insight Portfolio Group and also agreed to pay certain of Insight Portfolio Group's operating expenses in 2017.

Icahn Enterprises L.P. was the lender on the Company's Revolving Credit Facility as of December 31, 2017. The Company paid Icahn Enterprises L.P. service, commitment fees and interest of $88 and $88 during the nine months ended September 30, 2018 and September 30, 2017.

15. Business Segment Information and Geographic Area Information

The Company primarily manufactures and sells cellulosic food casings as its sole business segment. The Company's operations are viewed in geographic regions of North America, South America, Europe and Asia. Intercompany sales and charges (including royalties) have been reflected as appropriate in the following information. Certain items are maintained at the Company's corporate headquarters and are not allocated geographically. They include most of the Company's debt and related interest expense and income tax benefits.

Reporting Segment Information:

	9 Months Ended September 30, 2018	9 Months Ended September 30, 2017
Net sales by region		
North America	$146,495	$136,320
South America	34,676	39,222
Europe	132,840	131,181
Asia	32,337	26,956
Other and eliminations	(47,004)	(45,567)
	$299,344	$288,112

	9 Months Ended September 30, 2018	9 Months Ended September 30, 2017
Operating income		
North America	$13,773	$11,380
South America	639	4,240
Europe	(8,157)	1,637
Asia	5,560	6,148
	$11,815	$23,405

	September 30, 2018	December 31, 2017
Identifiable assets		
North America	$209,401	$185,911
South America	73,552	73,647
Europe	189,572	179,048
Asia	39,298	43,530
	$511,823	$482,136

	9 Months Ended September 30, 2018	9 Months Ended September 30, 2017
Net Sales by market		
Emerging	$145,214	$137,643
Mature	154,130	150,469
	$299,344	$288,112
Net Sales from operations by country		
United States	$88,363	$89,390
Brazil	21,544	22,548
Italy	18,773	17,007
Philippines	16,349	12,495
Germany	20,655	19,926
France	9,241	8,743
Poland	8,676	10,459
Other international	115,743	107,544
	$299,344	$288,112

16. Changes in Accumulated Other Comprehensive Loss

	Accrued Employee Benefits	Translation Adjustments	Total
Balance at December 31, 2017	($50,483)	($30,266)	($80,749)
Other comprehensive (loss) income before reclassifications	-	(5,385)	(5,385)
Reclassifications from accumulated other comprehensive loss to earnings	8,369	-	8,369
Balance at September 30, 2018	($42,114)	($35,651)	($77,765)

	Amounts Reclassified from Accumulated Other Comprehensive Loss	Affected Line Items in the Consolidation Statement of Operations and Comprehensive Loss
Accrued Employee Benefits		
Settlement charges	$7,432	Other Income/Expense
Amortization of net actuarial loss	937	Other Income/Expense
	$8,369	

17. Restructuring Charges

During the period ended September 30, 2018, the Company recognized a restructuring expense in our European segment of $10,320, which we believe is our statutory cost for the plan. The costs relate to a restructuring of its French and German subsidiary operations to safeguard the Company's competitive environment in the European market. The plan will involve the involuntary termination of approximately 170 employees for $10,320 and is currently under negotiation.

During the year ended December 31, 2017, the Company recognized a restructuring expense in our European segment of $1,745, which we believe is our total cost for the plan. The costs relate to a restructuring of its Warsaw, Poland subsidiary operations to safeguard the Company's competitive environment in the European market. The plan involved the involuntary termination of approximately 13 employees for $414 and an operating lease liability of $1,331.

The following table provides details of our restructuring provisions.

	September 30, 2018	December 31, 2017
Beginning balance	$1,237	$3,210
Provision	10,320	1,745
Payments	(307)	(3,718)
Translation	(54)	-
Ending balance	$11,196	$1,237

18. Common Stock

On January 3, 2018, the Company completed a rights offering of 16,666,666 shares of common stock at $3.00 per share. The Company plans to use the net proceeds of the offering to replenish working capital used for the acquisitions of Walsroder and Darmex and for other general corporate purposes, including acquisitions and capital expenditures.

As a result of the rights offering, Icahn Enterprises L.P. currently owns approximately 78.6% of our outstanding common stock.

19. Variable Interest Entity

The Company holds a variable interest in a joint venture for which the Company is the primary beneficiary. The joint venture, VE Netting, LLC, is a manufacturing, marketing and selling company of high quality netting solutions for the meat and poultry industry. VE Netting, LLC is a Delaware limited liability company with its principal place of business in Lombard, IL. The netting product will be manufactured under agreement by Viskase's affiliate located in Monterrey, Mexico.

Viskase's variable interest in the entity relates to the sales, operations, administrative and financial support to the entity through providing certain assets under agreement to be used by the entity. The Company agreed to contribute $931 in cash and other considerations in forming the venture. In addition the Company could be required to contribute up to $4,000 less the initial contribution during the course of the joint venture. The Company owns 50% equity in the entity. Based on a review of applicable guidance, this entity was consolidated beginning in September 2017. As a result of the consolidation, financial statements for the period ended December 31, 2017 were affected as follows: sales increased by $31, net income decreased by $289, total assets increased by $1,291, and noncontrolling interests decreased by $144. Due the evidence presented, Viskase has concluded it is the primary beneficiary.

As the primary beneficiary of the variable interest entity (VIE), the VIEs' assets, liabilities, and results of operations are included in the Company's consolidated financial statements as of, and for the period ended, December 31, 2017 and September 30, 2018. The other equity holders' interests are reflected in "Net loss attributable to noncontrolling interests" in the Consolidated Condensed Statements of Operations and "Noncontrolling interests" in the Consolidated Condensed Balance Sheets.

The following table summarizes the carrying amount of the VIEs' assets and liabilities included in the Company's Consolidated Balance Sheets at September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$132	$15
Receivables, net	18	26
Inventories	129	48
Other current assets	86	76
Property, plant and equipment	1,156	1,031
Less: Accumulated depreciation	(60)	(24)
Property, plant and equipment,net	1,096	1,007
Deferred tax asset	115	115
Other assets	20	4
Total Assets	$1,596	$1,291
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	99	149
Total Liabilites	99	149
Paid in capital	2,181	1,431
Retained earnings	(684)	(289)
Total Stockholder Equity	1,497	1,142
Total Liabilities and Stockholders' Equity	1,596	1,291

All assets in the above table can only be used to settle obligations of the consolidated VIE. Liabilities are nonrecourse obligations. Amounts presented in the table above are adjusted for intercompany eliminations.

The following table summarizes the Statement of Operations of the VIE included in the Company's Consolidated Statement of Operations for the period ended September 30, 2018 and September 30, 2017.

	September 30, 2018	September 30, 2017
Net sales	$34	$6
Cost of sales	225	22
Gross margin	(191)	(16)
Selling, general and administrative	216	221
Operating loss	(407)	(237)
Other (income) expense	(12)	10
Loss before income taxes	(395)	(248)
Income tax benefit	-	-
Net loss	($395)	($248)

20. Subsequent Events

Viskase evaluated its September 30, 2018 consolidated financial statements for subsequent events through November 15, 2018, the date the consolidated financial statements were available to be issued. There were no subsequent events requiring disclosure identified.

ITEM 3. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Company Overview

The Company operates in the casing product segment of the food industry. Viskase is a worldwide leader in the production and sale of cellulosic, fibrous and plastic casings for the processed meat and poultry industry. Viskase currently operates eleven manufacturing facilities, six distribution centers and three service centers throughout North America, Europe, South America and Asia. Viskase provides value-added support services relating to these products for some of the world's largest global consumer products companies. Viskase is one of the two largest worldwide producers of non-edible cellulosic casings for processed meats and one of the three largest manufacturers of non-edible fibrous casings.

Our net sales are driven by consumer demand for meat products and the level of demand for casings by processed meat manufacturers, as well as the average selling prices of our casings. Specifically, demand for our casings is dependent on population growth, overall consumption of processed meats and the types of meat products purchased by consumers. Average selling prices are dependent on overall supply and demand for casings and our product mix.

Our cellulose, fibrous and plastic casing extrusion operations are capital-intensive and are characterized by high fixed costs. Our finishing operations are labor intensive. The industry's operating results have historically been sensitive to the global balance of capacity and demand. The industry's extrusion facilities produce casings under a timed chemical process and operate continuously.

Our contribution margin varies with changes in selling price, input material costs, labor costs and manufacturing efficiencies. The total contribution margin increases as demand for our casings increases. Our financial results benefit from increased volume because we do not have to increase our fixed cost structure in proportion to increases in demand. For certain products, we operate at near capacity in our existing facilities. We regularly evaluate our capacity and projected market demand. We believe the current and planned cellulosic production capacity in our industry exceeds global demand, and will continue to do so in the near term.

Comparison of Results of Operations for Fiscal Quarters Ended September 30, 2018 and 2017.

The following discussion compares the results of operations for the fiscal quarter ended September 30, 2018 to the results of operations for the fiscal quarter and year to date ended September 30, 2017. We have provided the table below in order to facilitate an understanding of this discussion. The table (dollars in millions) is as follows:

	3 Months Ended September 30, 2018	% Change over 2017	3 Months Ended September 30, 2017
NET SALES	$98.3	-1.0%	$99.3
Cost of sales	76.9	2.1%	75.3
Selling, general and administrative	13.5	0.7%	13.4
Amortization of intangibles	0.4	-	0.4
Restructing expense	10.3	2475.0%	0.4
OPERATING INCOME	(2.8)	NM	9.8
Interest expense, net of income	3.9	11.4%	3.5
Other expense, net	2.1	NM	(1.1)
Income tax provision	1.6	NM	2.9
NET (LOSS) INCOME	($10.4)	NM	$4.5

NM= Not meaningful when comparing positive to negative numbers or to zero.

Quarter Ended September 30, 2018 Versus Quarter Ended September 30, 2017

Net Sales. Our net sales for the third quarter of 2018 were $98.3 million, which represents an decrease of $1.0 million or 1.0% from the comparable prior quarter. Net sales decreased $1.3 million from volume, offset by a increase of $0.3 million due to price and mix. Foreign currency translation was flat.

Cost of Sales. Cost of sales for the third quarter 2018 increased 2.1% from the comparable prior year period. The increase is due to lower production volume resulting in lower fixed cost absorption, input material and labor costs inflation, offset by lower cost related to acquisition synergies.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased from $13.4 million in the third quarter of 2017 to $13.5 million in 2018 due to labor cost inflation.

Amortization of intangibles. The Company incurred an expense of $0.4 million on the amortization of $27.2 million of intangibles recognized with the acquisitions.

Restructuring expense. The Company recognized a restructuring expense of $10.3 million for a plan announced within its French and German subsidiaries. Please refer to Footnote 17.

Operating Loss. Operating loss for the third quarter of 2018 was $2.8 million, representing a decrease of $12.6 million from the prior year. The decrease in operating income was primarily due to the restructuring expense recorded and lower gross profit of $2.5 million for the quarter.

Interest Expense. Interest expense, net of interest income, for the third quarter of 2018 was $3.9 million, representing an increase of $0.4 million compared to 2017. The increase is a result of higher interest rate on our term loan.

Other Expense. Other expense for the third quarter of 2018 was approximately $2.1 million, representing a increase of $3.2 million over other income of $1.1 million in 2017. The increase is primarily due to higher expense related to unrealized foreign currency translation.

Income Tax Provision. During the third quarter of 2018, an income tax provision of $1.6 million was recognized on the loss before income taxes of $8.9 million compared to income tax expense of $2.9 million in 2017.

Primarily as a result of the factors discussed above, net loss was ($10.4) million compared to net income of $4.5 million for the third quarter of 2017.

Comparison of Results of Operations for Nine Months Ended September 30, 2018 and September 30, 2017.

The following discussion compares the results of operations for the fiscal nine months ended September 30, 2018 to the results of operations for the fiscal nine months ended September 30, 2017. We have provided the table below in order to facilitate an understanding of this discussion.

	9 Months Ended September 30, 2018	% Change over 2017	9 Months Ended September 30, 2017
NET SALES	$299.3	3.9%	$288.1
Cost of sales	233.1	7.1%	217.7
Selling, general and administrative	42.8	-1.8%	43.6
Amortization of intangibles	1.3	18.2%	1.1
Restructing expense	10.3	347.8%	2.3
OPERATING INCOME	11.8	-49.6%	23.4
Interest expense, net of income	11.3	13.0%	10.0
Other expense, net	14.6	7200.0%	0.2
Income tax provision	-	NM	5.0
NET (LOSS) INCOME	($14.1)	NM	$8.2

Net Sales. Our net sales for the first nine months of 2018 were $299.3 million, which represents an increase of $11.2 million, or 3.9%, from the comparable prior year first six months. Net sales benefited $4.2 million from an increase in volume, $8.5 million due to foreign currency translation gain, and offset by a decrease of $1.5 million due to lower price and mix.

Cost of Sales. Cost of sales for the first nine months of 2018 increased 7.1%, or $15.4, million from the comparable prior year first nine months. The increase is due to higher sales volume, lower production volume resulting in lower fixed cost absorption, input material and labor costs inflation , offset by lower cost related to acquisition synergies.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $0.8 million for the first nine months of 2018. The decrease is mainly due to a one time settlement income of $0.7 received by the Company.

Restructuring expense. The Company recognized a restructuring expense of $10.3 million for a plan announced within its French and German subsidiaries during the nine months ended September 30, 2018 compared to $2.3 in the 2017 comparable period.

Operating Income. The operating income for the first nine months of 2018 was $11.8 million, representing an decrease of $11.6 million from the prior year first nine months. The decrease in the operating income resulted primarily from the restructuring event in 2018 and the decrease in gross profit of $4.3million offset by decreased selling, general and administrative expenses of $0.8 million.

Interest Expense. Interest expense, net of interest income, for the first nine months of 2018 was $11.3 million, or an increase of $1.3 compared to the prior year period. The increase is principally due to an increase in our interest rate on our long term borrowings.

Other Expense. Other expense of approximately $14.6 million for the first nine months of 2018 consists principally of expense related to foreign currency transaction and settlement charge on our U.S. pension plan compared to expense of $0.2 million for the prior year period.

Income Tax Provision. During 2018, the Company did not recognize an income tax benefit on the loss before income taxes of $14.2 million because of an effective tax rate of 0.6%. The 2017 effective income tax rate is 39.2.

Primarily as a result of the factors discussed above, our net loss for the first nine months of 2018 was $14.1 million compared to net income of $8.2 million for the first nine months of 2017.

Liquidity and Capital Resources

Cash and cash equivalents increased by $32.8 million during the first nine months of 2018. Net cash provided by operating activities was $5.7 million and net cash used in investing activities was $16.7 million. Net cash provided by financing activities was $44.6 million. Cash flows provided by operating activities were principally attributable to results from operations, offset by an increase in working capital. Our inventory needs and trade receivable needs have increased in recent years due to the growth of our foreign operations in the emerging markets. For certain of our non-U.S. customers, we have historically shipped finished products from our U.S. facilities. We recently implemented changes to our supply chain which resulted in transporting semi-finished products to one of our non-U.S. facilities, where the products are finished and then shipped to customers. As a result of this change, the semi-finished product remains in inventory for a longer period of time while it is being shipped from the U.S. to our non-U.S. facilities. This has resulted in an increase to our inventories and working capital. With respect to trade receivables, payment terms are longer in markets served from our facilities in Brazil and the Philippines than they are in the mature markets. As our business served from these facilities has increased, so has our trade receivables and working capital. Cash flows used in investing activities were principally attributable to capital expenditures. Cash flows provided by financing activities principally consisted of proceeds received from the Rights Offering and Europe Bank Loan offset by debt repayments under our Revolving Credit Facility, Restructured Term Loan, Term Loan and capital leases.

Our cash held in foreign banks was $22.6 million (against a total cash balance of $50.4 million) and $15.7 million (against a total cash balance of $20.1 million) as of September 30, 2018 and September 30, 2017, respectively. Any cash held by our foreign subsidiaries does not have a significant impact on our overall liquidity, but if we fail to generate sufficient cash through our domestic operations, our foreign operations could be a potential source of liquidity.

As of September 30, 2018 the Company had positive working capital of approximately $185.3 million including restricted cash of $1.2 million, with additional amounts available under its Revolving Credit Facility.

On November 14, 2007, the Company entered into a secured revolving credit facility ("Revolving Credit Facility"), which has been subsequently amended.

On January 30, 2014, the Company entered into an Amendment Agreement to the Revolving Credit Facility, together with an amended Loan Agreement, with Icahn Enterprises Holdings L.P. ("IEH"). Drawings under the amended Revolving Credit Facility bear interest at daily three month LIBOR plus 2.0%. The amended Revolving Credit Facility also provides for an unused line fee of 0.375% per annum.

On March 1, 2016, the Company entered into the Tenth Amendment to the Loan and Security Agreement with respect to the Revolving Credit Facility, extending the maturity date of the Revolving Credit Facility from January 30, 2017 to January 30, 2020. The amendment included a fee of $125,000 for the extension.

Indebtedness under the amended Revolving Credit Facility is secured by liens on substantially all of the Company's domestic and Mexican assets, with liens on (i) accounts, inventory, lockboxes, deposit accounts and investment property (the "ABL Priority Collateral') to be contractually senior to the liens securing the Term Loan (as hereafter defined) pursuant to an intercreditor agreement, (ii) real property, fixtures and improvements thereon, equipment and proceeds thereof (the "Fixed Asset Priority Collateral"), to be contractually subordinate to the liens securing the Term Loan pursuant to such intercreditor agreement, and (iii) all other assets, to be contractually pari passu with the liens securing the Term Loan pursuant to such intercreditor agreement. Our future direct or indirect material domestic subsidiaries are required to guarantee the obligations under the amended Revolving Credit Agreement, and to provide security by liens on their assets as described above.

The amended Revolving Credit Facility contains various covenants which restrict the Company's ability to, among other things, incur indebtedness, create liens on our assets, make investments, enter into merger, consolidation or acquisition transactions, dispose of assets (other than in the ordinary course of

business), make certain restricted payments, enter into sale and leaseback transactions and transactions with affiliates, in each case subject to permitted exceptions. The amended Revolving Credit Facility also requires that we comply with certain financial covenants, including meeting a minimum EBITDA requirement and limitations on capital expenditures, in the event our usage of the Revolving Credit Facility exceeds 90% of the facility amount. The Company is in compliance with the Revolving Credit Facility covenants as of September 30, 2018.

The Company had no borrowings and an additional $25.0 million of availability under the amended Revolving Credit Facility as of September 30, 2018.

In its foreign operations, the Company has unsecured lines of credit with various banks providing approximately $8.0 million of availability. There were no borrowings under the lines of credit at September 30, 2018.

On January 30, 2014, the Company entered into a Credit Agreement with UBS AG, Stamford Branch ("UBS"), as Administrative Agent and Collateral Agent, and the Lenders parties thereto, providing for a $275 million senior secured covenant lite term loan facility ("Term Loan"). The Term Loan bears interest at a LIBOR Rate plus 3.25% (with the LIBOR Rate carrying a 1.00% floor or at a Base Rate equal to the sum of (1) the greatest of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 0.50%, (c) one-month LIBOR plus 1.0%, or (d) 2.0%, plus (2) 2.25%). As of September 30, 2018, the interest rate was 5.64% on the Term Loan. The Term Loan has a contractual obligation to repay 1% per year and this amount is carried as short term debt. The Term Loan has a maturity date of January 30, 2021. The Term Loan is subject to certain additional mandatory prepayments upon asset sales, incurrence of indebtedness not otherwise permitted, and based upon a percentage of excess cash flow. Prepayments on the Term Loan may be made at any time.

Indebtedness under the Term Loan is secured by liens on substantially all of the Company's domestic and Mexican assets, with liens on (i) the Fixed Asset Priority Collateral, to be contractually senior to the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement, (ii) the ABL Priority Collateral, to be contractually subordinate to the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement, and (iii) all other assets, to be contractually pari passu with the liens securing the Revolving Credit Facility pursuant to the intercreditor agreement. Our future direct or indirect material domestic subsidiaries are required to guarantee the obligations under the Term Loan, and to provide security by liens on their assets as described above.

On December 30, 2016, the Company entered into a Share and Asset Purchase Agreement to purchase all of the shares in CT Casings Beteiligungs GmbH and certain assets of Poly-clip Systems LLC. As part of the consideration for the purchase, a former seller shareholder loan was restructured and remained outstanding at the January 10, 2017 closing in the original amount of €9.8 million ("Restructured Term Loan") or $10.3 million. After reductions for post-closing adjustments, the balance on the Restructured Term Loan was €8.1 million or $9.7 million as of December 31, 2017. The Restructured Term Loan is due for repayment as follows: €1.7 million was paid on January 10, 2018; and the balance of €6.4 million is due on January 10, 2020. The Restructured Term Loan bears no interest, and was recorded for a book value of €7.3 million using an imputed interest rate of 4%.

Pension and Postretirement Benefits

Our long-term pension and postretirement benefit liabilities totaled $75.1 million at September 30, 2018.

Expected annual cash contributions for U.S. pension liabilities are expected to be (in millions):

	2018	2019	2020	2021	2022
Pension	$ 3.1	$ 6.6	$ 7.4	$ 6.7	$ 7.4

Contract Obligations

As of September 30, 2018, the aggregate maturities of debt(1), leases and purchase commitments for each of the next five years are (in millions):

	2018	2019	2020	2021	2022	Thereafter
Term Loan Facility	$ 0.7	$ 2.8	$ 2.8	$ 255.8	$ -	$ -
Europe Bank Loan	0.2	0.8	0.8	0.4	-	-
Restructured Term Loan			7.4	-	-	-
Operating Leases	1.2	4.8	4.9	4.9	2.5	13.8
Other	0.4	1.3	-	-	-	0.9
	$ 2.5	$ 9.7	$ 15.9	$ 261.1	$ 2.5	$ 14.7

(1) The aggregate maturities of debt represent amounts to be paid at maturity and not the current carrying value.

Critical Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America and include the use of estimates and assumptions that affect a number of amounts included in the Company's financial statements, including, among other things, pensions and other postretirement benefits and related disclosures, reserves for excess and obsolete inventory, allowance for doubtful accounts, and income taxes. Management bases its estimates on historical experience and other assumptions that we believe are reasonable. If actual amounts are ultimately different from previous estimates, the revisions are included in the Company's results for the period in which the actual amounts become known. Historically, the aggregate differences, if any, between the Company's estimates and actual amounts in any year have not had a significant effect on the Company's consolidated financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers cash equivalents to consist of all highly liquid debt investments purchased with an initial maturity of approximately three months or less. Due to the short-term nature of these instruments, the carrying values approximate the fair market value. Of the cash held on deposit, essentially all of the cash balance was in excess of amounts insured by the Federal Deposit Insurance Corporation or other foreign provided bank insurance. The Company performs periodic evaluations of these institutions for relative credit standing and has not experienced any losses as a result of its cash concentration. Consequently, no significant concentrations of credit risk are considered to exist.

Receivables

Trade accounts receivable are classified as current assets and are reported net of allowance for doubtful accounts and a reserve for returns. This estimated allowance is primarily based upon our evaluation of the financial condition of each customer, each customer's ability to pay and historical write-offs.

Inventories

Inventories are valued at the lower of first-in, first-out ("FIFO") cost or net realizable value.

Property, Plant and Equipment

The Company carries property, plant and equipment at cost less accumulated depreciation. Property and equipment additions include acquisition of property and equipment and costs incurred for computer software purchased for internal use including related external direct costs of materials and services and payroll costs for employees directly associated with the project. Upon retirement or other disposition, cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in results of operations. Depreciation is computed on the straight-line method using a half year convention over the estimated useful lives of the assets ranging from (i) building and improvements - 10 to 32 years, (ii) machinery and equipment - 4 to 12 years, (iii) furniture and fixtures - 3 to 12 years, (iv) auto and trucks - 2 to 5 years, (v) data processing — 3 to 7 years and (vi) leasehold improvements - shorter of lease or useful life.

In the ordinary course of business, we lease certain equipment, consisting mainly of autos, and certain real property. Real property consists of manufacturing, distribution and office facilities.

Deferred Financing Costs

Deferred financing costs are presented in the balance sheet as a direct deduction from the carrying amount of debt liability and amortized as expense using the effective interest rate method over the expected term of the related debt agreement. Amortization of deferred financing costs is classified as interest expense.

Intangible Assets and Goodwill

The Company has recognized definite lived intangible assets for patents and trademarks, customer relationships, technologies and in-place leases. The intangible assets are amortized on the straight-line method over an estimated weighted average useful life of 12 years for patents and trademarks, 20 years for customer relationships, 13 years for technologies and 14 years for in-place leases.

We evaluate the carrying value of goodwill on at least an annual basis by applying a fair-value-based test. In evaluating the recoverability of the carrying value of goodwill, we must make assumptions regarding the fair value of our reporting units, as defined under FASB ASC Topic 350. Goodwill impairment testing involves comparing the fair value of our reporting units to their carrying values. If the book value of the reporting unit exceeds its fair value, the goodwill of the reporting unit is considered to be impaired. The amount of impairment loss is equal to the excess of the book value of the goodwill over the fair value of goodwill. The reporting unit fair value is based upon consideration of various valuation methodologies, including guideline transaction multiples, multiples of current earnings, and projected future cash flows discounted at rates commensurate with the risk involved.

Long-Lived Assets

The Company continues to evaluate the recoverability of long-lived assets including property, plant and equipment, trademarks and patents. Impairments are recognized when the expected undiscounted future operating cash flows derived from long-lived assets are less than their carrying value. If impairment is identified, valuation techniques deemed appropriate under the particular circumstances will be used to determine the asset's fair value. The loss will be measured based on the excess of carrying value over the determined fair value. The review for impairment is performed whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable.

Shipping and Handling

The Company periodically bills customers for shipping charges. These amounts are included in net revenue, with the associated costs included in cost of sales.

Pensions and Other Postretirement Benefits

The Company uses appropriate actuarial methods and assumptions in accounting for its defined benefit pension plans and non-pension postretirement benefits.

Actual results that differ from assumptions used are accumulated and amortized over future periods and, accordingly, generally affect recognized expense and the recorded obligation in future periods. Therefore, assumptions used to calculate benefit obligations as of the end of a fiscal year directly impact the expense to be recognized in future periods. The primary assumptions affecting the Company's accounting for employee benefits as of September 30, 2018 are as follows:

Long-term rate of return on plan assets: The required use of the expected long-term rate of return on plan assets may result in recognized returns that are greater or less than the actual returns on those plan assets in any given year. Over time, however, the expected long-term rate of return on plan assets is designed to approximate actual earned long-term returns. The Company uses long-term historical actual return information, the mix of investments that comprise plan assets, and future estimates of long-term investment returns by reference to

external sources to develop an assumption of the expected long-term rate of return on plan assets. The expected long-term rate of return is used to calculate net periodic pension cost. In determining its pension obligations, the Company is using a long-term rate of return on U.S. plan assets of 6.85% for 2018. The Company is using a long-term rate of return on French plan assets of 3.20% for 2018. The German pension plan has no assets.

Discount rate: The discount rate is used to calculate future pension and postretirement obligations. The Company is using a Mercer Bond yield curve in determining its pension obligations. The Company was using a discount rate of 3.86% for the first quarter of 2018 and then remeasured net periodic benefit cost with the settlement accounting on the plan and will use 4.15% for the remainder of 2018. The Company is using a weighted average discount rate of 1.74% on its non-U.S. pension plans for 2018.

Income Taxes

Deferred tax assets and liabilities are measured using enacted tax laws and tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income in the period that includes the enactment date. In addition, the amounts of any future tax benefits are reduced by a valuation allowance to the extent such benefits are not expected to be realized on a more likely than not basis. Interest and penalties related to unrecognized tax benefits are included as a component of tax expense.

Other Comprehensive Income (Loss)

Other Comprehensive Income (Loss) Comprehensive income (loss) includes all other non-stockholder changes in equity. Changes in other comprehensive income (loss) in 2018 and 2017 resulted from changes in foreign currency translation and minimum pension liability.

Revenue Recognition

Revenues are recognized at the time products are shipped to the customer, under F.O.B shipping point, customer pick up or F.O.B port terms, which is the point at which title is transferred, the customer has the assumed risk of loss, and when payment has been received or collection is reasonably assured. Revenues are net of discounts, rebates and allowances. Viskase records all labor, raw materials, in-bound freight, plant receiving and purchasing, warehousing, handling and distribution costs as a component of costs of sales.

Acquisitions of Businesses

We account for business combinations under the acquisition method of accounting (other than acquisitions of businesses under common control), which requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement.

Accounting for business combinations requires us to make significant estimates and assumptions, especially at the acquisition date including our estimates for intangible assets, contractual obligations assumed, pre-acquisition contingencies, and contingent consideration, where applicable. In valuing our acquisitions we estimate fair values based on industry data and trends and by reference to relevant market rates and transactions, and discounted cash flow valuation methods, among other factors. The discount rates used were commensurate with the inherent risks associated with each type of asset and the level and timing of cash flows appropriately reflect market participant assumptions. The primary items that generate goodwill include the value of the synergies between the acquired company and our existing businesses and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset.

Financial Instruments

The Company routinely enters into fixed price natural gas agreements which require us to purchase a portion of our natural gas each month at fixed prices. These fixed price agreements qualify for the "normal purchases" scope exception under derivative and hedging standards, therefore the natural gas purchases under these contracts were expensed as incurred and included within cost of sales. Future annual minimum purchases remaining under the agreement are $1.7 million at September 30, 2018.

The Company's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The carrying amounts of these financial assets and liabilities approximate fair value due to the short maturities of these instruments.

New Accounting Pronouncements

Please reference Footnote 1 in our Notes to Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements." Forward-looking statements are those that do not relate solely to historical fact. These statements relate to future events or our future financial performance and implicate known and unknown risks, uncertainties and other factors that may cause the actual results, performances or levels of activity of our business or our industry to be materially different from that expressed or implied by any such forward-looking statements. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. In some cases, you can identify forward-looking statements by use of words such as "believe," "anticipate," "expect," "estimate," "intend," "project," "plan," "will," "would," "could," "predict," "propose," "potential," "may" or words or phrases of similar meaning. Statements concerning our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, plans, references to future success and other similar matters are forward-looking statements. Forward-looking statements may relate to, among other things:

- our ability to meet liquidity requirements and to fund necessary capital expenditures;
- the strength of demand for our products, prices for our products and changes in overall demand;
- assessment of market and industry conditions and changes in the relative market shares of industry participants;
- consumption patterns and consumer preferences;
- the effects of competition and competitor responses to our products and services ;
- our ability to realize operating improvements and anticipated cost savings;
- pending or future legal proceedings and regulatory matters;
- general economic conditions and their effect on our business;
- changes in the cost or availability of raw materials and changes in energy prices or other costs;
- pricing pressures for our products;
- the cost of and compliance with environmental laws and other governmental regulations;
- our results of operations for future periods;
- our anticipated capital expenditures;

- our ability to pay, and our intentions with respect to the payment of, dividends on shares of our capital stock;
- our ability to protect our intellectual property;
- economic and industry conditions affecting our customers and suppliers
- our ability to identify, complete and integration acquisitions; and
- our strategy for the future, including opportunities that may be presented to and/or pursued by us.

These forward-looking statements are not guarantees of future performance. Forward-looking statements are based on management's expectations that involve risks and uncertainties.