



Building your future

A COMPANY DOUBLES IN SIZE IN RECORD TIME

PROBLEM:

Our client, a Fremont-based designer and provider of optical networking components and subsystems, had recently acquired a majority stake in a similar sized company with operations in Asia and Southern California. A few months later, our client, who had \$107 million in revenue, purchased the outstanding shares of the international company.

In order to meet SEC requirements, our client needed to have the acquired company's financial statements audited. There also needed to be a proper accounting for the transactions in accordance with generally accepted accounting principles.

CHALLENGE:

Facing a very tight timeframe, our client needed high-level guidance through complicated accounting issues involving step acquisitions, multiple restructuring and transitional costs, and purchase price accounting. A further challenge was the need to conduct the audit in multiple locations and time zones outside of the Bay Area, in Southern California and Asia.

SERVICES AND SOLUTIONS:

BPM knew assigning the right talent, to the right place, would help address our client's time squeeze. Armed with all the prerequisite technical expertise for a complex, high-tech engagement, BPM deployed a team familiar with the parent company to work with the new acquisition and coordinated all the work. This included sending BPM partners onsite to Southern California. Our focused, unified approach allowed our client to meet applicable SEC reporting requirements and GAAP regulations. Although the company doubled in size, we were able to conduct the audit in the same time frame as before its expansion. Furthermore, the fees amounted to significantly less than those for a combined company.

RESULT AND CLIENT VIEW:

By providing the necessary and qualified teams of professionals throughout the globe, BPM was able to help our client properly account for the transaction. We continue working with our growing client, who now has \$180 million in revenue, as it builds the synergies of the two companies and restructures plans to achieve profitability.

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AN AUDIT IN TIME HELPS STITCH TOGETHER A COMPANY'S RECOVERY

PROBLEM:

A national retailer of fabrics and sewing notions was unable to move out of bankruptcy protection and rebuild its operations. One major obstacle was its Big Four accounting firm's delay in completing year-end audits and several years of restatement reports.

Now delinquent with their SEC regulatory filings and in violation of their debt agreement, the company also saw the fees charged by its slow-moving accountants soar by 500-percent.

CHALLENGE:

The company was stitched up and needed to unclog its audit and reporting logjam to achieve a fresh start. ASAP. Seeking a more proactive, practical and timely auditing approach, the retailer engaged Burr Pilger Mayer.

SERVICES AND SOLUTIONS:

To detangle the reporting mess, BPM crafted a plan of action and:

- Resolved outstanding issues quickly and accelerated integrated audit services, including opinions on financial statements and internal controls over financial reporting.
- Assembled a 20-member, highly skilled BPM team led by top-level partners and dispatched them onsite to the company's Mississippi headquarters.
- Smart-staffed using additional regional resources from the Leading Edge Alliance.

- Dramatically reduced the time needed to complete critical audits, by approximately 60 percent in comparison to the Big Four firm's previous performance.
- Applied our low bureaucracy, collaborative, focused and accessible model to help alleviate the management team's frustrations with previous audit services.

RESULT:

Our seamless provision of services sewed up the company's outstanding financial reporting requirements. BPM helped expedite its emergence from bankruptcy protection a few months after our audit. Our client resumed filing financial statements with the SEC and can now focus on refashioning its business.

THE CLIENT VIEW:

"With BPM's support, we filed our 2007 10-K on time, which was our first timely filing in two years...they understand their responsibility to perform a quality audit within a reasonable timeframe, for a competitive fee."

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SWIFT REPORTING PLANTS SEEDS TO RESTORE CONFIDENCE

PROBLEM:

A leading trader of rice, grains, by-products and other agricultural commodities worldwide relied on a national CPA auditing team referred by its bank. But misunderstandings and unresolved accounting issues resulted in the auditor's failure to issue financial statements over 12 months after year end. In addition, the Midwest audit firm had significant turnover of their engagement team.

The privately held, Northern California-based corporation faced significant financial stress following a significant dispute with a customer, a consequence of the company's failure to comply with various debt covenants.

CHALLENGE:

To get out from under its growing fiscal crisis, the company had to recultivate its relationship with its lending bank by producing audited financial statements. Quickly they turned to Burr Pilger Mayer to get to the root of the problem.

SERVICES AND SOLUTIONS:

Adopting cut-through-the-weeds, roll-up-our-sleeves attitude, BPM delivered a range of services and plan of action including:

- Established clear and accelerated timeframes for the delivery of audit reports on three years of consolidated financial statements.
- Provided personal and corporate tax services to the company along with a variety of procedures on behalf of the lender.

- Coordinated audits of several of the international subsidiaries to meet deadlines.
- Resolved complex issues quickly by dedicating BPM partner and manager talent to the engagement, often working closely at the management team's onsite offices.

RESULT:

The bank's deadlines were met and the company reported their financial results accurately on a timely basis. As a result, BPM's client was well-positioned to reap the benefits of a higher level of confidence from their lenders and gain access to capital for future strategic growth.

THE CLIENT VIEW:

With BPM's support we provided our lenders with the audited financial statement before the final deadline. BPM was very responsive to our needs and performed the audit efficiently. We would not have achieved our goals without the help of the BPM professionals.

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RIGHT TEAM + RIGHT TIMING = DONE DEAL

PROBLEM:

A leading REIT that manages over 100 commercial research and development properties in the Silicon Valley had an increasingly difficult time managing its audit teams from Big Four and large national firms.

The NASDAQ-listed, Cupertino-based company had serious delays in completing strategic transactions because its latest audit team was stuck in national headquarters limbo, awaiting consensus decisions on several technical issues. The protracted stall to get answers so frustrated the company that it turned to BPM to see if we could meet its need for speed and action.

CHALLENGE:

Timing and responsiveness are the lifeblood of smart real estate deals. The REIT's ability to manage its business in a timely way was hampered by slow-moving, non-decisive auditors.

The company was frustrated and angered by its previous audit experiences when BPM was engaged to conduct an integrated audit to allow the company to submit an SEC filing.

Another challenge was managing the significant accounting issues involving valuation, debt markets and financial viability of many of their tenants.

SERVICES AND SOLUTIONS:

We had to build the company's trust in BPM's ability to work smarter, better and quicker. In our engagement to issue an opinion on the financial statements and internal control over financial reporting for the year's financial statements, we:

- Assigned high-level partners and managers to immerse themselves in the engagement. This allowed BPM to get up to speed quickly on the company's accounting and internal controls issues.

- Understood the client's previous tough times and committed a productive number of partner hours to the engagement, including many in-person visits to its offices.
- Demonstrated responsiveness at every turn, constantly communicating audit issues and promptly researching and resolving technical questions.

RESULT:

BPM's low-bureaucracy, high-client care approach rebuilt our client's view of the audit experience. From reaching consensus on complex issues quickly to maintaining a friendly attitude, BPM partners and managers worked as a team. We efficiently met the company's SEC filing requirements with little confrontation at audit committees.

THE CLIENT VIEW:

By helping to solve the "back of the house" obstacles, BPM made it possible for the company to refocus on its core business instead of searching for accountants and auditors who understood its goals and working style. Several years after our initial engagement, BPM continues to serve as the company's audit team.

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BEAUTY AND THE BOOKS: VALUATION OF A BUSINESS LIVING ON LOOKS

PROBLEM:

Competition in the medical aesthetics industry can be ugly. Success can depend on leading the market in innovative technologies and complex licensing and acquisitions deals.

A San Mateo-based developer and commercializer of products to enhance a patient's appearance, which includes an array of facial fillers, completed a promising new acquisition for \$12 million cash, plus royalties and future sales.

The newly purchased company's nerve ablation technology had possible reuse in the cosmetic industry as a non-toxin alternative to reduce forehead wrinkles. In order to commercialize this potentially lucrative and new application, the acquiring company needed to complete a valuation of purchase price allocation. Quickly and efficiently.

CHALLENGE:

More than a cosmetic solution was necessary. The privately held, \$85-million-market-cap company needed in-depth help determining how to value and classify its new technology. The relevant accounting rules are quite complicated and valuation requires professionals with strong technical aptitude in the medical and technology areas. The company needed to be guided through the process and to address the comfort level of its Big Four auditors.

SERVICES AND SOLUTIONS:

BPM's Life Sciences industry team put on their game faces and rolled up their sleeves. In our valuation of the client's purchase price allocation, our partners and managers:

- Valued an acquired business unit and all intangible assets within, including technology assets, customers and trade names.

- Applied previous life sciences experience to increase efficient handling of the engagement.
- Walked the auditors through all the valuation steps in a logical manner to achieve consensus and avoid last-minute surprises.
- Managed unexpected issues that surfaced due to the Big Four audit team's internal miscommunication between local and national offices.
- Helped the client craft their initial press release on the acquisition.

RESULT:

The valuation went off wrinkle free. BPM's technical expertise helped to simplify a complex valuation process and to deliver top-tier services at an affordable rate. The client was able to pursue maximizing and commercializing its latest technological asset.

THE CLIENT VIEW:

Beauty is in the eye of the beholder. The client repeatedly expressed its frustration with the Big Four audit team's communication conflicts between national and local staff. In contrast, our client greatly appreciated BPM's efficiency and effective communication with auditors to streamline the process.

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FROM CHAPTER 11 TO BETTER DAYS

PROBLEM:

Tough times were in store for one of the largest distributors of consumer products to the convenience store industry. Hopes for vital market expansion were shelved when its new parent company, a large grocer, declared Chapter 11 bankruptcy.

CHALLENGE:

BPM was retained during the course of the bankruptcy to provide audit, consulting, and bankruptcy-related services for the acquired company, an international concern with U.S. headquarters in South San Francisco and \$3 billion in revenues. There were extensive issues involving the bankruptcy, lack of records, and the complexity of accounting rules. In addition, we were required to work with several Big Four and local firms to bring all of the work together.

SERVICES AND SOLUTIONS:

Teamwork and collaborative engagements are second nature to BPM's professionals. Highlights of our services for the client include:

- Acting within 24 hours of being hired, BPM placed people in the field to conduct inventory observations at over 15 locations throughout the United States.
- Performed audits for two year-ends and led the fresh-start accounting as the company emerged from bankruptcy.

- Successful management of inventories that had to be rolled back for two or three years. Because of the bankruptcy and carve-out accounting, the accounting issues were extremely complex and included consolidation, fair value, valuations, fresh start, and income tax preparation.
- Provided the company with audits of all their pension plans, which were delinquent for several years.

RESULT:

BPM completed the engagement on time and within the originally outlined budget, helping to make the client's bankruptcy experience a quick stop. The client successfully emerged from Chapter 11 and continued to rely on BPM for various projects and eventually returned to the public markets.

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THE COMFORTS OF A PROMISE KEPT

PROBLEM:

A common stock offering was at stake for a NASDAQ-listed developer and licensor of innovative computing, microprocessor and semiconductor technologies. The nearly \$13 million it would raise was critically needed for operational expenses.

However, a comfort letter and bring-down letter required to keep the offering on track and the Santa Clara-based company's Big Four audit team declared the letter's deadline "impossible" to meet. Company directors turned to BPM to see if they would tread where others feared and work through the time crunch to save vital funding.

CHALLENGE:

Under usual circumstances, issuing a comfort letter and bring-down comfort letter requires at least three weeks. BPM was engaged a mere 7 days before the non-negotiable due date, which fell right in the middle of covering 10K filings for other clients. Pledging to pull out all the stops, the BPM team promised to help close the offering.

SERVICES AND SOLUTIONS:

With less than no time to spare, BPM assigned its quickest, sharpest and most can-do minds to the mission, making our new client a top priority. Our partners:

- Assembled a skilled and integrated team that was inspired by the challenge and implications at play for the Company's future.
- Reviewed pertinent data, identified missing items and established a workable game plan.
- Obtained an agreement from the underwriter to forgo the Big Four's still-missing, back audit report

- Collaborated with the Company, its attorneys, its underwriter's attorneys, and underwriters in a whatever-it-takes offensive to keep the deal alive.
- Reviewed financial statements and disclosures in an S-1 registration statement and provided comfort and bring-down letters for:
 - Form 10K, Form 10Qs, Form 8-Ks and Form 10K/A
 - Proxy – Schedule 14A
 - Form S-3
 - The Prospectus Supplement

RESULT:

We kept our promise and the Company made its deadline. Three days after receiving all the necessary background information, BPM issued the comfort letter, followed a week later by a bring-down comfort letter. The offering went through. Had the client kept with its Big Four auditors, the Company would not have raised funds so quickly.

THE CLIENT VIEW:

BPM views its collaboration with clients as the art of the possible. And so too does this high-tech pioneer. At the celebratory dinner for the closing, the underwriters, board/audit members and CFO singled out BPM's skill, diligence and speed in transforming a bet-the-company challenge into mission possible.

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ASAP THAT REDEFINES POSSIBLE

PROBLEM:

A Menlo Park communications software developer, with \$43.1 million in revenues, had raised approximately \$6.5 million through the issuance of common stock and warrants to purchase common stock. But there were a few hurdles to completing the issuance. The company's Big Four audit team had resigned. The company was delinquent in the entire year's SEC filings. And as a result, the company was delisted and unable to issue options to employees.

CHALLENGE:

In order to be able to issue options to its employees, the high-tech company had to become current with its SEC filings, including three Form 10Qs, a Form 10K and an S-1. The amount of time required to perform all of this work could be challenging enough for a firm already familiar with the company, let alone one beginning a new relationship with the client.

SERVICES AND SOLUTIONS:

With full understanding of the inherent challenge, BPM enthusiastically accepted our client's short-notice request for audit and quarterly review services.

- We efficiently assembled the right team, methodically and assiduously transforming the messy situation.
- A BPM partner or manager was onsite daily to monitor the progress and we reported weekly status updates to management.
- Our team worked with management to deal with several complicated accounting issues surrounding the issuance of common stock and warrants, walking through the issues and providing real time feedback that resulted in solutions.

RESULT:

Doing whatever it took, including working over the July 4th holiday to meet the deadline, BPM delivered the goods. The company was current with its SEC filings by the third quarter of the year of our engagement. The stock issuance went through, and our client returned to business as usual, including issuing stock options to its employees. The company achieved its objective, precisely when it needed to, and all for audit fees significantly less than if it remained with its Big Four firm.

THE CLIENT VIEW:

BPM was willing to come in, roll up their sleeves and get to work. Within days of being appointed, the company's auditor, BPM had a team in place, scoped out the work and was able to provide focused, consistent service to meet the company's SEC filing deadlines and company timelines.

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