

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

FORM 10-K

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

For the fiscal year ended June 30, 2015

Commission File Number 1-7233

STANDEX INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its Charter)

DELAWARE
(State of incorporation)

31-0596149
(I.R.S. Employer Identification No.)

11 KEEWAYDIN DRIVE, SALEM, NEW
HAMPSHIRE
(Address of principal executive offices)

03079
(Zip Code)

(603) 893-9701
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE
SECURITIES EXCHANGE ACT OF 1934:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, Par Value \$1.50 Per Share	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES [] NO [X]

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES [] NO [X]

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES [X] NO []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. []

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer X Accelerated filer ___ Non-accelerated filer ___ Smaller Reporting Company ___

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES [] NO [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant at the close of business on December 31, 2014 was approximately \$958,496,000. Registrant's closing price as reported on the New York Stock Exchange for December 31, 2014 was \$77.26 per share.

The number of shares of Registrant's Common Stock outstanding on August 21, 2015 was 12,772,061

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant's 2015 Annual Meeting of Stockholders (the "Proxy Statement") are incorporated by reference into Part III of this report.

Forward Looking Statement

Statements contained in this Annual Report on Form 10-K that are not based on historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as "should," "could," "may," "will," "expect," "believe," "estimate," "anticipate," "intends," "continue," or similar terms or variations of those terms or the negative of those terms. There are many factors that affect the Company's business and the results of its operations and may cause the actual results of operations in future periods to differ materially from those currently expected or desired. These factors include, but are not limited to material adverse or unforeseen legal judgments, fines, penalties or settlements, conditions in the financial and banking markets, including fluctuations in exchange rates and the inability to repatriate foreign cash, general and international recessionary economic conditions, including the impact, length and degree of the current slow growth conditions on the customers and markets we serve and more specifically conditions in the food service equipment, automotive, construction, aerospace, energy, transportation and general industrial markets, lower-cost competition, the relative mix of products which impact margins and operating efficiencies, both domestic and foreign, in certain of our businesses, the impact of higher raw material and component costs, particularly steel, petroleum based products and refrigeration components, an inability to realize the expected cost savings from restructuring activities, effective completion of plant consolidations, cost reduction efforts, restructuring including procurement savings and productivity enhancements, capital management improvements, strategic capital expenditures, and the implementation of lean enterprise manufacturing techniques, the inability to achieve the savings expected from the sourcing of raw materials from and diversification efforts in emerging markets, the inability to attain expected benefits from strategic alliances or acquisitions and the inability to achieve synergies contemplated by the Company. Other factors that could impact the Company include changes to future pension funding requirements. In addition, any forward-looking statements represent management's estimates only as of the day made and should not be relied upon as representing management's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company and management specifically disclaim any obligation to do so, even if management's estimates change.

PART I

Item 1. Business

Standex International Corporation ("Standex", the "Company" or "we" ⁽¹⁾) was incorporated in 1975 and is the successor of a corporation organized in 1955. We have paid dividends each quarter since Standex became a public corporation in November 1964.

⁽¹⁾ References in this Annual Report on Form 10-K to "Standex" or the "Company" or "we," "our" or "us" shall mean Standex International Corporation and its subsidiaries.

Unless otherwise noted, references to years are to fiscal years.

We are a leading manufacturer of a variety of products and services for diverse commercial and industrial market segments. We have 11 operating segments, aggregated and organized for reporting purposes into five segments: Food Service Equipment Group, Engraving Group, Engineering Technologies Group, Electronics Products Group and Hydraulics Products Group. Overall management, strategic development and financial control are maintained by the executive staff from our corporate headquarters located in Salem, New Hampshire.

Our corporate strategy has several primary components.

- It is our objective to grow larger and more profitable business units through both organic initiatives and acquisitions. On an ongoing basis we identify and implement organic growth initiatives such as new product

development, geographic expansion, introduction of products and technologies into new markets and applications and leveraging of sales synergies between business units, key accounts and strategic sales channel partners. Also, we utilize strategically aligned or “bolt on” acquisitions to create both sales and cost synergies with our core business platforms to accelerate their growth and margin improvement. There is a particular focus on identifying and investing in opportunities that complement our products and will increase the global presence and capabilities of our businesses. From time to time we have divested businesses that we felt were not strategic or did not meet our growth and return expectations.

- We create “Customer Intimacy” by partnering with our customers in order to develop and deliver custom solutions or engineered products that provide technology-driven solutions to our customers. This relationship generally provides us with the ability to sustain sales and profit growth over time and provide superior operating margins to enhance shareholder returns. Further, we have made a priority in developing new sales channels and leveraging strategic customer relationships.
- We focus on operational excellence through continuous improvement in the cost structure of our businesses and recognize that our businesses are competing in a global economy that requires that we constantly strive to improve our competitive position. We have deployed a number of management competencies including lean enterprise, the use of low cost manufacturing facilities in countries such as Mexico, India, and China, the consolidation of manufacturing facilities to achieve economies of scale and leveraging of fixed infrastructure costs, alternate sourcing to achieve procurement cost reductions, and capital improvements to increase shop floor productivity, which drives improvements in the cost structure of our business units.
- Our capital allocation strategy is to use cash flow generated from operations to fund the strategic growth programs above, including acquisitions, dividends, and capital investments for organic growth and cost reductions. We recognize that cash flow is fundamental in our ability to invest in organic and acquisitive growth for our business units and return cash to our shareholders in the form of dividends to reflect the measure of quality from the earnings that we generate over time.

Please visit our website at www.standex.com to learn more about us or to review our most recent SEC filings. The information on our website is for informational purposes only and is not incorporated into this Annual Report on Form 10-K.

Description of Segments

Food Service Equipment Group

The Food Service Equipment business is comprised of three groups. The Refrigeration Solutions group manufactures walk in and cabinet coolers and freezers used in commercial food facilities and some industrial, life science and scientific applications. The Cooking Solutions group manufactures cooking equipment such as ovens, fryers, warmers and grills used in commercial food preparation and service. The Specialty Solutions group consists of a specialty pump used in beverage applications and custom display merchandising.

Our products are used throughout the entire commercial food service process – from storage, to preparation, to cooking and to display. The equipment that we design and manufacture is utilized in restaurants, convenience stores, quick-service restaurants, supermarkets, drug stores and institutions such as hotels, hospitals, and both corporate and school cafeterias to meet the challenges of providing food and beverages that are fresh and appealing while at the same time providing for food safety, energy efficiency and reliability of the equipment performance. In the scientific markets, our product portfolio is used for research, testing and storage of pharmaceuticals, reagents, enzymes, plasma, whole blood, bone marrow, viruses, stem cells DNA and plant samples.

Food Service Equipment products are manufactured in Hudson, WI; New Albany, MS; Nogales, Mexico; Simpsonville, SC; San Antonio, TX; Belleville, WI; and Mountmellick, Ireland. In addition, we have our culinary demonstration center in Allen, TX. Our products are sold directly, through dealers, and through industry representatives in the Americas, Europe, Asia and Middle East.

Our product brands include:

- Nor-Lake walk-in coolers and freezers and reach-in and under counter refrigerated cabinets to meet food service and scientific needs;

- Master-Bilt® and Kool Star® refrigerated reach-in and under counter refrigerated cabinets, cases, display units, and walk-in coolers and freezers;
- APW Wyott®, Bakers Pride®, and Tri-Star ovens, char broilers, commercial ranges, griddles, toasters, warmers, roller grills and countertop merchandisers used in cooking, toasting, warming and merchandising food;
- BKI® and Barbecue King® commercial cook and hold units, rotisseries, pressure fryers, ovens and baking equipment;
- Ultrafryer® commercial deep fryers for restaurant and commercial installations;
- Federal merchandizing display cases for bakery, deli and confectionary products; and
- Procon® pump systems used in beverage and industrial fluid handling applications.

We continue to expand this segment through new product introductions and acquisitions.

Engraving Group

The Engraving Group consists of three product lines. Mold-Tech is a world-wide leader in applying textures to molds on which manufacturers produce a final product with the desired surface textures on molded plastic parts and slush-molded parts. Mold-Tech serves the global auto industry as well as consumer goods. Rolls plates and machinery is a niche business which engraves patterns into rolls used to texturize building materials, packaging materials, papers and non-woven fabrics. Innovent is a specialized supplier of tools and machines used to produce diapers and products which contain absorbent materials between layers of non-woven fabric.

We simplify the supply chain for global Original Equipment Manufacturers, “OEM”, as a single source texture solutions supplier. We provide texturizing services for the production of automotive components, particularly for interior dashboards and upholstery, textiles for paper towels and hygiene products, consumer products and cosmetic appearances, construction applications, various synthetic flooring products, and electronics used in computers, cell phones and printers.

Our worldwide Mold-Tech locations enable us to better serve our customers within key geographic areas on 6 continents including the United States, Canada, Europe, China, India, Southeast Asia, Korea, Australia, South Africa, and South America. Our products are primarily sold directly through our global sales network. The Engraving Group serves a number of industries including automotive, plastics, building products, synthetic materials, converting, textile and paper, computer, housewares, hygiene product tooling and aerospace industries.

The Engraving Group brands include:

- Mold-Tech® which provides design and program management services texturizes molds used in the production of plastic parts and manufactures nickel shell slush mold tooling.
- Mullen® Burst Testers.
- Roehlen®, B.F. Perkins®, Eastern Engraving and I R International manufacture machinery, engrave rolls and plates used in production of textured industrial products.
- Innovent is an engineering and manufacturing company delivering innovative product and service solutions to hygiene, aerospace and other industrial clients around the world.

We are particularly focused on growth through the establishment of new “greenfield” facilities in emerging markets and development of proprietary digital based process technology. Our extensive worldwide network of 35 manufacturing and design centers provide uniform engravings to satisfy the needs of our global customers. We expect to continue to strengthen our market leadership position through continuously expanding the breadth of products and services we provide customers globally.

Engineering Technologies Group

The Engineering Technologies Group, “ETG”, provides critical engineered parts in all workable metal alloys using various forming processes. Our competitive advantage is to deliver net and near net formed single-source customized solutions which requires less input and raw material than traditional processes. The industry defines net and near net

forming as the delivery of parts that can be inserted directly into the production line with no or little surface finishing required. Our precision manufacturing capabilities include metal spinning, metal forming, press forming, stretch forming, hydroforming, heat treating and brazing, computer numerical control and electrical discharge machining, high speed milling, and other fabrication services in all thickness and size ranges for all workable metal alloys.

ETG solutions are in a wide variety of advanced applications, where the utilization of our precision net and near net forming technologies, combined with our business placement within the manufacturing process to deliver customer components and assemblies with reduced input weight, part count, and cycle times. These solutions are found in the aviation, defense, energy, industrial, medical, marine, oil and gas, and manned and unmanned space markets. Our components and assemblies have been present on most major commercial aviation aircraft engines and nacelles as well as defense and navy nuclear programs. We provide complex assemblies and formed solutions for the energy and oil and gas OEM's, MRI machine formed components, and single piece formed and machined fuel and liquid oxygen tanks and tank domes for commercial and government space programs.

The group includes our legacy Spincraft units, with locations in North Billerica, Massachusetts, New Berlin, Wisconsin, and the Spincraft ETG location in Newcastle upon Tyne in the U.K. The latest addition to the group, Enginetics, has plants in Huber Heights and Eastlake, OH. Our sales are direct with the OEM's in the particular market, throughout the world, with the majority of our sales in North America and Europe.

Electronics Products Group

The Electronics Products Group is a manufacturer of custom magnetic sensing and electromechanical components such as: reed switches, reed relays; fluid level sensors, flow, pressure, proximity, conductive and inductive sensors; electronics assemblies; and magnetic components such as toroid and planar transformers.

We are a global components solutions provider who designs, engineers, and manufactures innovative electronic components and sensors to solve our customers' application needs. Our mission and vision is to be a strategic partner with customers utilizing our innovative capabilities and solutions to solve challenges, and deliver high-quality products. Our components are small custom or standard parts that play an important role in larger products. Our products are vital to a diverse array of markets where a component can provide critical system feedback such as on/off, flow, level monitoring, proximity, etc., switches and control capabilities, transforming and isolating power safely, and measuring fluid levels. Our end user is typically an OEM industrial equipment manufacturer. Other end-user markets include, but are not limited to: transportation, appliances, HVAC, security, military, medical, aerospace, instrumentation, and general industrial/power applications.

Our components are manufactured in plants located in the USA, Mexico, Canada, the UK, Germany and China. We sell and build relationships globally through our own direct sales force, regional sales managers, commissioned agents, representative groups, and distribution channels. Our products are sold globally with approximately fifty percent of sales within North America, forty percent within Europe and the balance in Asia.

Our brand names are Standex Electronics and Standex-Meder Electronics. We continue to expand the business through organic growth with current customers, new customers, developing new products and technologies, geographic expansion, and strategic acquisitions.

Hydraulics Products Group

The Hydraulics Products Group is a global manufacturer of mobile hydraulic cylinders including single or double acting telescopic and piston rod hydraulic cylinders. Additionally we manufacture a specialty pneumatic cylinder and promote complete wet line kits, which are complete hydraulic systems that include a pump, valves, hose and fittings.

Industries that use our products are construction equipment, refuse, airline support, mining, oil and gas, and other material handling applications. Our products are utilized by OEMs on vehicles such as dump trucks, dump trailers, bottom dumps, garbage trucks, container roll off vehicles, hook lift trucks, liquid waste handlers, compactors, balers, airport catering vehicles, container handling equipment for airlines, lift trucks, yard tractors, and underground mining vehicles.

We manufacture our cylinders in Hayesville, Ohio and Tianjin, China. Our products are sold directly to OEMs, as well as distributors, dealers, and aftermarket repair outlets primarily in North America with some sales in South America and Asia.

We provide Custom Hoists® branded single and double acting telescopic hydraulic cylinders and single stage, welded type piston rod hydraulic cylinders for use in the mobile hydraulics industry.

Responsiveness to new opportunities drives continuous top line growth. We leverage our full line of products for the dump truck and trailer market and deep expertise in their application to expand into new markets, targeting challenging custom applications. Our flexible design capability and global supply chain enable us to be successful in our expansion efforts. Our team is dedicated to superior customer service through our technical engineering support and on-time delivery.

Raw Materials

Raw materials and components necessary for the manufacture of our products are generally available from numerous sources. Generally, we are not dependent on a single source of raw materials and supplies. We do not foresee unavailability of materials or supplies which would have a significant adverse effect on any of our businesses, nor any of our segments, in the near term.

Seasonality

We are a diversified business with generally low levels of seasonality, however our fiscal third quarter is typically the period with the lowest level of sales volume.

Patents and Trademarks

We hold approximately 58 United States patents and patents pending covering processes, methods and devices and approximately 44 United States trademarks. Many counterparts of these patents have also been registered in various foreign countries. In addition, we have various foreign registered and common law trademarks.

Due to the diversity of our businesses and the markets served, the loss of any single patent or trademark would not, in our opinion, materially affect any individual segment.

While we believe that many of our patents are important, we credit our competitive position in our niche markets to customer intimacy, engineering capabilities, manufacturing techniques and skills, marketing and sales promotions, service and the delivery of quality products.

Customers

Our business is not dependent upon a single customer or a few large customers, the loss of any one of which would not have a material adverse effect on our operations. No customer accounted for more than 5% of our consolidated revenue in fiscal 2015 or any of the years presented.

Working Capital

Our primary source of working capital is the cash generated from continuing operations. No segments require any special working capital needs outside of the normal course of business.

Backlog

Backlog includes all active or open orders for goods and services that have a firm fixed customer purchase order with defined delivery dates. Backlog also includes any future deliveries based on executed customer contracts, so long as such deliveries are based on agreed upon delivery schedules. Backlog is not generally a significant factor in the Company's businesses because of our relatively short delivery periods and rapid inventory turnover with the exception of Engineering Technologies.

Backlog orders in place at June 30, 2015 and 2014 are as follows (in thousands):

	2015	2014
Food Service Equipment	\$ 46,147	\$ 51,516
Engraving	18,992	11,456
Engineering Technologies	93,012	64,083
Electronics Products	38,445	32,102
Hydraulics Products	4,776	5,678
Total	<u>201,372</u>	<u>164,835</u>
Net realizable beyond one year	<u>33,215</u>	<u>21,703</u>
Net realizable within one year	<u>\$ 168,157</u>	<u>\$ 143,132</u>

Competition

Standex manufactures and markets products many of which have achieved a unique or leadership position in their market. However, we encounter competition in varying degrees in all product groups and for each product line. Competitors include domestic and foreign producers of the same and similar products. The principal methods of competition are product performance and technology, price, delivery schedule, quality of services, and other terms and conditions.

International Operations

We have international operations in all of our business segments. International operations are conducted at 50 locations, in Europe, Canada, China, India, Southeast Asia, Korea, Australia, Mexico, Brazil, and South Africa. See the Notes to Consolidated Financial Statements for international operations financial data. Our international operations contributed approximately 27% of operating revenues in 2015 and 29% in 2014. International operations are subject to certain inherent risks in connection with the conduct of business in foreign countries including, exchange controls, price controls, limitations on participation in local enterprises, nationalizations, expropriation and other governmental action, restrictions of repatriation of earnings, and changes in currency exchange rates.

Research and Development

Developing new and improved products, broadening the application of established products, continuing efforts to improve our methods, processes, and equipment continues to drive our success. However, due to the nature of our manufacturing operations and the types of products manufactured, expenditures for research and development are not significant to any individual segment or in the aggregate. Research and development costs are quantified in the Notes to Consolidated Financial Statements. We develop and design new products to meet customer needs in order to offer enhanced products or to provide customized solutions for customers.

Environmental Matters

Based on our knowledge and current known facts, we believe that we are presently in substantial compliance with all existing applicable environmental laws and regulations and do not anticipate any instances of non-compliance that will have a material effect on our future capital expenditures, earnings or competitive position.

Financial Information about Geographic Areas

Information regarding revenues from external customers attributed to the United States, all foreign countries and any individual foreign country, if material, is contained in the Notes to Consolidated Financial Statements for "Industry Segment Information."

Number of Employees

As of June 30, 2015, we employed approximately 5,100 employees of which approximately 2,200 were in the United States. About 300 of our U.S. employees were represented by unions. Approximately 42% of our production workforce is situated in low-cost manufacturing regions such as Mexico, Brazil and Asia.

Executive Officers of Standex

The executive officers of the Company as of June 30, 2015 were as follows:

Name	Age	Principal Occupation During the Past Five Years
David Dunbar	53	President and Chief Executive Officer of the Company since January 2014; President of the Valves and Controls global business unit of Pentair Ltd from 2009 through December 31, 2013.
Thomas D. DeByle	55	Vice President and Chief Financial Officer of the Company since March 2008.
Deborah A. Rosen	60	Chief Legal Officer of the Company since October 2001; Vice President of the Company since July 1999.
Anne De Greef-Safft	52	Group President of the Food Service Equipment Group since January 2015; President of Danaher's Gems, Setra, Sonix and Anderson Companies, where she directed the worldwide operations, marketing and sales, engineering, accounting and human resources functions of these businesses from 2009 through 2014.

The executive officers are elected each year at the first meeting of the Board of Directors subsequent to the annual meeting of stockholders, to serve for one-year terms of office. There are no family relationships among any of the directors or executive officers of the Company.

Long-Lived Assets

Long-lived assets are described and discussed in the Notes to Consolidated Financial Statements under the caption "Long-Lived Assets."

Available Information

Standex's corporate headquarters are at 11 Keewaydin Drive, Salem, New Hampshire 03079, and our telephone number at that location is (603) 893-9701.

The U.S. Securities and Exchange Commission (the "SEC") maintains an internet website at www.sec.gov that contains our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto. All reports that we file with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information about the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Standex's internet website address is www.standex.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto, are available free of charge on our website as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. In addition, our code of business conduct, our code of ethics for senior financial management, our corporate governance guidelines, and the charters of each of the committees of our Board of Directors (which are not deemed filed by this reference), are available on our website and are available in print to any Standex shareholder, without charge, upon request in writing to "Chief Legal Officer, Standex International Corporation, 11 Keewaydin Drive, Salem, New Hampshire, 03079."

The certifications of Standex's Chief Executive Officer and Chief Financial Officer, as required by the rules adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, are filed as exhibits to this Form 10-K.

Item 1A. Risk Factors

An investment in the Company's common shares involves various risks, including those mentioned below and those that are discussed from time to time in our other periodic filings with the SEC. Investors should carefully consider

these risks, along with the other information filed in this report, before making an investment decision regarding our common shares. All of these risks could have a material adverse effect on our financial condition, results of operations and/or value of our common shares.

A deterioration in the domestic and international economic environment could adversely affect our operating results and financial condition.

Recessionary economic conditions coupled with a tightening of credit could adversely impact major markets served by our businesses, including cyclical markets such as automotive, heavy construction vehicle, general industrial and food service. An economic recession could adversely affect our business by:

- reducing demand for our products and services, particularly in markets where demand for our products and services is cyclical;
- causing delays or cancellations of orders for our products or services;
- reducing capital spending by our customers;
- increasing price competition in our markets;
- increasing difficulty in collecting accounts receivable;
- increasing the risk of excess or obsolete inventories;
- increasing the risk of impairment to long-lived assets due to reduced use of manufacturing facilities;
- increasing the risk of supply interruptions that would be disruptive to our manufacturing processes; and
- reducing the availability of credit for our customers.

We rely on our credit facility to provide us with sufficient capital to operate our businesses.

We rely on our revolving credit facility to provide us with sufficient capital to operate our businesses. The availability of borrowings under our revolving credit facility is dependent upon our compliance with the covenants set forth in the facility, including the maintenance of certain financial ratios. Our ability to comply with these covenants is dependent upon our future performance, which is subject to economic conditions in our markets along with factors that are beyond our control. Violation of those covenants could result in our lenders restricting or terminating our borrowing ability under our credit facility, cause us to be liable for covenant waiver fees or other obligations, or trigger an event of default under the terms of our credit facility, which could result in acceleration of the debt under the facility and require prepayment of the debt before its due date. Even if new financing is available in the event of a default under our current credit facility, the interest rate charged on any new borrowing could be substantially higher than under the current credit facility, thus adversely affecting our overall financial condition. If our lenders reduce or terminate our access to amounts under our credit facility, we may not have sufficient capital to fund our working capital needs or we may need to secure additional capital or financing to fund our working capital requirements or to repay outstanding debt under our credit facility.

Our credit facility contains covenants that restrict our activities.

Our revolving credit facility contains covenants that restrict our activities, including our ability to:

- incur additional indebtedness;
- make investments;
- create liens;
- pay cash dividends to shareholders unless we are in compliance with the financial covenants set forth in the credit facility; and
- sell material assets.

Our global operations subject us to international business risks.

We operate in 50 locations outside of the United States in Europe, Canada, China, India, Singapore, Korea, Australia, Mexico, Brazil, and South Africa. If we are unable to successfully manage the risks inherent to the operation and expansion of our global businesses, those risks could have a material adverse effect on our business, results of operations or financial condition. Those international business risks include:

- fluctuations in currency exchange rates;
- restrictions on repatriation of earnings;
- import and export controls;
- political, social and economic instability or disruptions;
- potential adverse tax consequences;
- difficulties in staffing and managing multi-national operations;
- difficulties in our ability to enforce legal rights and remedies; and
- changes in regulatory requirements.

Failure to achieve expected savings and synergies could adversely impact our operating profits and cash flows.

We focus on improving profitability through lean enterprise, low cost sourcing and manufacturing initiatives, improving working capital management, developing new and enhanced products, consolidating factories where appropriate, automating manufacturing processes, diversification efforts and completing acquisitions which deliver synergies to supplement sales and growth. If we were unable to successfully execute these programs, this failure could adversely affect our operating profits and cash flows. In addition, actions we may take to consolidate manufacturing operations to achieve cost savings or adjust to market developments may result in restructuring charges that adversely affect our profits.

Violation of anti-bribery or similar laws by our employees, business partners or agents could result in fines, penalties, damage to our reputation or other adverse consequences.

We cannot assure that our internal controls, code of conduct and training of our employees will provide complete protection from reckless or criminal acts of our employees, business partners or agents that might violate US or international laws relating to anti-bribery or similar topics. An action resulting in a violation of these laws could subject us to civil or criminal investigations that could result in substantial civil or criminal fines and penalties and which could damage our reputation.

We face significant competition in our markets and, if we are not able to respond to competition in our markets, our net sales, profits and cash flows could decline.

Our businesses operate in highly competitive markets. In order to effectively compete, we must retain long standing relationships with significant customers, offer attractive pricing, develop enhancements to products that offer performance features that are superior to our competitors and which maintain our brand recognition, continue to automate our manufacturing capabilities, continue to grow our business by establishing relationships with new customers, diversify into emerging markets and penetrate new markets. If we are unable to compete effectively, our net sales, profitability and cash flows could decline. Pricing pressures resulting from competition may adversely affect our net sales and profitability.

If we are unable to successfully introduce new products and product enhancements, our future growth could be impaired.

Our ability to develop new products and innovations to satisfy customer needs or demands in the markets we serve can affect our competitive position and often requires significant investment of resources. Difficulties or delays in research, development or production of new products and services or failure to gain market acceptance of new products and technologies may significantly reduce future net sales and adversely affect our competitive position.

Increased prices or significant shortages of the commodities that we use in our businesses could result in lower net sales, profits and cash flows.

We purchase large quantities of steel, refrigeration components, freight services, foam insulation and other metal commodities for the manufacture of our products. Historically, prices for commodities have fluctuated, and we are unable to enter into long term contracts or other arrangements to hedge the risk of price increases in many of these commodities. Significant price increases for these commodities could adversely affect our operating profits if we cannot timely mitigate the price increases by successfully sourcing lower cost commodities or by passing the increased costs on to customers. Shortages or other disruptions in the supply of these commodities could delay sales or increase costs.

An inability to identify or complete future acquisitions could adversely affect our future growth.

As part of our growth strategy, we intend to pursue acquisitions that provide opportunities for profitable growth for our businesses and which enable us to leverage our competitive strengths. While we continue to evaluate potential acquisitions, we may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval for certain acquisitions or otherwise complete acquisitions in the future. An inability to identify or complete future acquisitions could limit our future growth.

We may experience difficulties in integrating acquisitions.

Integration of acquired companies involves a number of risks, including:

- inability to operate acquired businesses profitably;
- failure to accomplish strategic objectives for those acquisitions;
- unanticipated costs relating to acquisitions or to the integration of the acquired businesses;
- difficulties in achieving planned cost savings synergies and growth opportunities; and
- possible future impairment charges for goodwill and non-amortizable intangible assets that are recorded as a result of acquisitions.

Additionally, our level of indebtedness may increase in the future if we finance acquisitions with debt, which would cause us to incur additional interest expense and could increase our vulnerability to general adverse economic and industry conditions and limit our ability to service our debt or obtain additional financing. We cannot assure that future acquisitions will not have a material adverse effect on our financial condition, results of operations and cash flows.

Impairment charges could reduce our profitability.

We test goodwill and our other intangible assets with indefinite useful lives for impairment on an annual basis or on an interim basis if an event occurs that might reduce the fair value of the reporting unit below its carrying value. Various uncertainties, including continued adverse conditions in the capital markets or changes in general economic conditions, could impact the future operating performance at one or more of our businesses which could significantly affect our valuations and could result in additional future impairments. The recognition of an impairment of a significant portion of goodwill would negatively affect our results of operations and could be a material effect to us.

Material adverse or unforeseen legal judgments, fines, penalties or settlements could have an adverse impact on our profits and cash flows.

We are and may, from time to time, become a party to legal proceedings incidental to our businesses, including, but not limited to, alleged claims relating to product liability, environmental compliance, patent infringement, commercial disputes and employment matters. In accordance with United States generally accepted accounting principles, we have established reserves based on our assessment of contingencies. Subsequent developments in legal proceedings may affect our assessment and estimates of loss contingencies recorded as reserves which could require us to record additional reserves or make material payments which could adversely affect our profits and cash flows. Even the successful defense of legal proceedings may cause us to incur substantial legal costs and may divert management's time and resources away from our businesses.

The costs of complying with existing or future environmental regulations, and of correcting any violations of these regulations, could increase our expenses and reduce our profitability.

We are subject to a variety of environmental laws relating to the storage, discharge, handling, emission, generation, use and disposal of chemicals, hazardous waste and other toxic and hazardous materials used to manufacture, or resulting from the process of manufacturing, our products. We cannot predict the nature, scope or effect of regulatory requirements to which our operations might be subject or the manner in which existing or future laws will be administered or interpreted. We are also exposed to potential legacy environmental risks relating to businesses we no longer own or operate. Future regulations could be applied to materials, products or activities that have not been subject to regulation previously. The costs of complying with new or more stringent regulations, or with more vigorous enforcement of these or existing regulations, could be significant.

In addition, properly permitted waste disposal facilities used by us as a legal and legitimate repository for hazardous waste may in the future become mismanaged or abandoned without our knowledge or involvement. In such event, legacy landfill liability could attach to or be imposed upon us in proportion to the waste deposited at any disposal facility.

Environmental laws require us to maintain and comply with a number of permits, authorizations and approvals and to maintain and update training programs and safety data regarding materials used in our processes. Violations of these requirements could result in financial penalties and other enforcement actions. We could be required to halt one or more portions of our operations until a violation is cured. Although we attempt to operate in compliance with these environmental laws, we may not succeed in this effort at all times. The costs of curing violations or resolving enforcement actions that might be initiated by government authorities could be substantial.

Strategic divestitures could negatively affect our results and contingent liabilities from businesses that we have sold could adversely affect our results of operations and financial condition.

We have retained responsibility for some of the known and unknown contingent liabilities related to a number of businesses we have sold, such as lawsuits, tax liabilities, product liability claims, and environmental matters and have agreed to indemnify purchasers of these businesses for certain of those contingent liabilities.

The trading price of our common stock has been volatile, and investors in our common stock may experience substantial losses.

The trading price of our common stock has been volatile and may become volatile again in the future. The trading price of our common stock could decline or fluctuate in response to a variety of factors, including:

- our failure to meet the performance estimates of securities analysts;
- changes in financial estimates of our net sales and operating results or buy/sell recommendations by securities analysts;
- fluctuations in our quarterly operating results;
- substantial sales of our common stock;
- changes in the amount or frequency of our payment of dividends or repurchases of our common stock;
- general stock market conditions; or
- other economic or external factors.

Decreases in discount rates and actual rates of return could require future pension contributions to our pension plans which could limit our flexibility in managing our Company.

Key assumptions inherent in our actuarially calculated pension plan obligations and pension plan expense are the discount rate and the expected rate of return on plan assets. If discount rates and actual rates of return on invested plan assets were to decrease significantly, our pension plan obligations could increase materially. The size of future required pension contributions could require us to dedicate a greater portion of our cash flow from operations to making contributions, which could negatively impact our financial flexibility.

Our business could be negatively impacted by cybersecurity threats, information systems and network interruptions, and other security threats or disruptions.

Our information technology networks and related systems are critical to the operation of our business and essential to our ability to successfully perform day-to-day operations. Cybersecurity threats in particular, are persistent, evolve quickly, and include, but are not limited to, computer viruses, attempts to access information, denial of service and other electronic security breaches. These events could disrupt our operations or customers and other third party IT systems in which we are involved and could negatively impact our reputation among our customers and the public which could have a negative impact on our financial conditions, results of operations, or liquidity.

Various restrictions in our charter documents, Delaware law and our credit agreement could prevent or delay a change in control of us that is not supported by our board of directors.

We are subject to a number of provisions in our charter documents, Delaware law and our credit facility that may discourage, delay or prevent a merger, acquisition or change of control that a stockholder may consider favorable. These anti-takeover provisions include:

- maintaining a classified board and imposing advance notice procedures for nominations of candidates for election as directors and for stockholder proposals to be considered at stockholders' meetings;
- a provision in our certificate of incorporation that requires the approval of the holders of 80% of the outstanding shares of our common stock to adopt any agreement of merger, the sale of substantially all of the assets of Standex to a third party or the issuance or transfer by Standex of voting securities having a fair market value of \$1 million or more to a third party, if in any such case such third party is the beneficial owner of 10% or more of the outstanding shares of our common stock, unless the transaction has been approved prior to its consummation by all of our directors;
- requiring the affirmative vote of the holders of at least 80% of the outstanding shares of our common stock for stockholders to amend our amended and restated by-laws;
- covenants in our credit facility restricting mergers, asset sales and similar transactions; and
- the Delaware anti-takeover statute contained in Section 203 of the Delaware General Corporation Law.

Section 203 of the Delaware General Corporation Law prohibits a merger, consolidation, asset sale or other similar business combination between Standex and any stockholder of 15% or more of our voting stock for a period of three years after the stockholder acquires 15% or more of our voting stock, unless (1) the transaction is approved by our board of directors before the stockholder acquires 15% or more of our voting stock, (2) upon completing the transaction the stockholder owns at least 85% of our voting stock outstanding at the commencement of the transaction, or (3) the transaction is approved by our board of directors and the holders of 66 2/3% of our voting stock, excluding shares of our voting stock owned by the stockholder.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We have a total of 94 facilities, of which we operate 77 manufacturing plants and warehouses located throughout the United States, Europe, Canada, Australia, Southeast Asia, Korea, China, India, Brazil, South Africa, and Mexico. The Company owns 25 of the facilities and the balance are leased. For the year ended June 30, 2015 the approximate building space utilized by each product group is as follows:

Segment location	Number of Facilities	Area in Square Feet (in thousands)		
		Leased	Owned	Total
EMEA ⁽¹⁾	3	24	9	33
Other Americas	4	33	185	218
United States	15	353	790	1,143
Food Service Equipment Group	22	410	984	1,394
Asia Pacific	13	255	-	255
EMEA ⁽¹⁾	12	107	-	107
Other Americas	3	66	-	66
United States	7	55	215	270
Engraving Group	35	483	215	698
EMEA ⁽¹⁾	3	80	-	80
United States	6	196	171	367
Engineering Technologies Group	9	276	171	447
Asia Pacific	2	37	-	37
EMEA ⁽¹⁾	5	8	89	97
Other Americas	2	12	57	69
United States	4	32	31	63
Electronics Group	13	89	177	266
Asia Pacific	2	65	-	65
Other Americas	1	1	-	1
United States	6	20	101	121
Hydraulics Products Group	9	86	101	187
United States	6	206	255	461
Corporate & Other	6	206	255	461
Total	94	1,550	1,903	3,453

⁽¹⁾ EMEA consists primarily of Europe, Middle East and S. Africa.

In general, the buildings are in sound operating condition and are considered to be adequate for their intended purposes and current uses.

We own substantially all of the machinery and equipment utilized in our businesses.

Item 3. Legal Proceedings

Discussion of legal matters is incorporated by reference to Part II, Item 8, Note 12, "CONTINGENCIES," in the Notes to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not Applicable

PART II

Item 5. Market for Standex Common Stock

Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market in which the Common Stock of Standex is traded is the New York Stock Exchange under the ticker symbol “SXI”. The high and low sales prices for the Common Stock on the New York Stock Exchange and the dividends paid per Common Share for each quarter in the last two fiscal years are as follows:

Year Ended June 30	Common Stock Price Range				Dividends Per Share	
	2015		2014		2015	2014
	High	Low	High	Low		
First quarter	\$ 76.99	\$ 65.01	\$ 60.96	\$ 52.00	\$ 0.10	\$ 0.08
Second quarter	87.05	70.25	64.90	56.15	0.12	0.10
Third quarter	83.98	66.72	63.76	52.29	0.12	0.10
Fourth quarter	84.47	77.62	78.49	53.82	0.12	0.10

The approximate number of stockholders of record on July 31, 2015 was 1,683.

Additional information regarding our equity compensation plans is presented in the Notes to Consolidated Financial Statements under the caption “Stock-Based Compensation and Purchase Plans” and Item 12 “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.”

Issuer Purchases of Equity Securities ⁽¹⁾

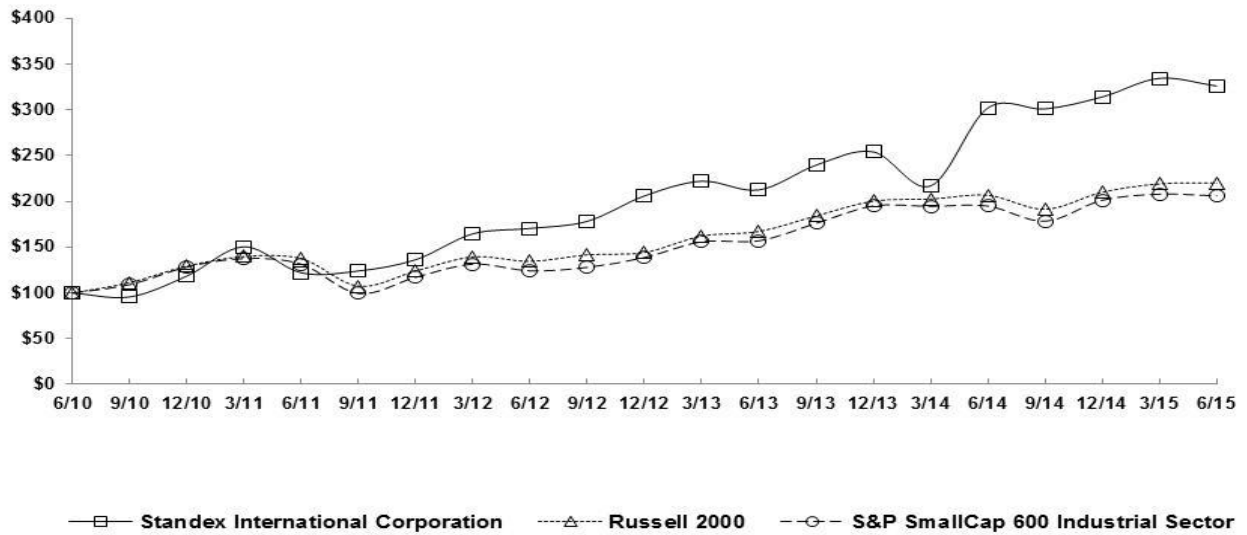
Quarter Ended June 30, 2015

Period	(a) Total Number of Shares (or units) Purchased	(b) Average Price Paid per Share (or unit)	(c) Total Number of Shares (or units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Appropriate Dollar Value) of Shares (or units) that May Yet Be Purchased Under the Plans or Programs
April 1 - April 30, 2015	1,150	\$ 80.27	1,150	351,936
May 1 - May 31, 2015	846	78.74	846	351,090
June 1 - June 30, 2015	4,547	79.57	4,547	346,543
TOTAL	6,543	\$ 79.59	6,543	346,543

- (1) The Company has a Stock Buyback Program (the “Program”) which was originally announced on January 30, 1985. Under the Program, the Company may repurchase its shares from time to time, either in the open market or through private transactions, whenever it appears prudent to do so. The Program has no expiration date, and the Company from time to time may authorize additional increases of share increments for buyback authority so as to maintain the Program. The Company authorized, on August 20, 2013, the repurchase of 0.5 million shares for repurchase pursuant to its Program. All previously announced repurchases have been completed.

The following graph compares the cumulative total stockholder return on the Company's Common Stock as of the end of each of the last five fiscal years, with the cumulative total stockholder return on the Standard & Poor's Small Cap 600 (Industrial Segment) Index and on the Russell 2000 Index, assuming an investment of \$100 in each at their closing prices on June 30, 2008 and the reinvestment of all dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
 Among Standex International Corporation, the Russell 2000 Index,
 and S&P SmallCap 600 Industrial Sector



*\$100 invested on 6/30/10 in stock or index, including reinvestment of dividends.
 Fiscal year ending June 30.

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Item 6. Selected Consolidated Financial Data

Selected financial data for the five years ended June 30, is as follows:

See Item 7 for discussions on comparability of the below.

	2015	2014	2013	2012	2011
SUMMARY OF OPERATIONS (in thousands)					
Net sales					
Food Service Equipment	\$ 408,706	\$ 377,848	\$ 367,008	\$ 364,759	\$ 343,150
Engraving	110,781	109,271	93,380	93,611	85,258
Engineering Technologies	97,018	79,642	74,838	74,088	61,063
Electronics Products	114,196	114,881	108,085	48,206	46,600
Hydraulics Products	41,441	34,538	30,079	29,922	22,925
Total	<u>\$ 772,142</u>	<u>\$ 716,180</u>	<u>\$ 673,390</u>	<u>\$ 610,586</u>	<u>\$ 558,996</u>
Gross profit	<u>\$ 247,486</u>	<u>\$ 238,269</u>	<u>\$ 218,191</u>	<u>\$ 201,736</u>	<u>\$ 185,858</u>
Operating income (loss)					
Food Service Equipment	\$ 37,456	\$ 38,203	\$ 37,533	\$ 38,389	\$ 37,633
Engraving	24,250	22,145	15,596	17,896	14,182
Engineering Technologies	13,097	12,676	13,241	14,305	12,606
Electronics Products	20,884	19,732	16,147	8,715	7,551
Hydraulics Products	7,013	5,781	4,968	4,403	2,436
Restructuring (a)	(3,443)	(10,077)	(2,666)	(1,685)	(1,843)
Gain on sale of real estate	-	-	-	4,776	3,368
Other operating income (expense), net	438	3,462	-	-	-
Corporate and Other	(21,051)	(26,054)	(22,924)	(23,443)	(20,959)
Total	<u>\$ 78,644</u>	<u>\$ 65,868</u>	<u>\$ 61,895</u>	<u>\$ 63,356</u>	<u>\$ 54,974</u>
Interest expense	(3,161)	(2,249)	(2,469)	(2,280)	(2,107)
Other non-operating (loss) income	634	4,184	(128)	519	(199)
Provision for income taxes	(20,874)	(18,054)	(15,244)	(15,699)	(15,027)
Income from continuing operations	<u>55,243</u>	<u>49,749</u>	<u>44,054</u>	<u>45,896</u>	<u>37,641</u>
Income/(loss) from discontinued operations	(500)	(6,883)	794	(14,991)	(2,275)
Net income	<u>\$ 54,743</u>	<u>\$ 42,866</u>	<u>\$ 44,848</u>	<u>\$ 30,905</u>	<u>\$ 35,366</u>

(a) See discussion of restructuring activities in Note 16 of the consolidated financial statements.

	2015	2014	2013	2012	2011
PER SHARE DATA					
Basic					
Income from continuing operations	\$ 4.37	\$ 3.94	\$ 3.51	\$ 3.67	\$ 3.02
Income/(loss) from discontinued operations	(0.04)	(0.55)	0.06	(1.20)	(0.18)
Total	<u>\$ 4.33</u>	<u>\$ 3.39</u>	<u>\$ 3.57</u>	<u>\$ 2.47</u>	<u>\$ 2.84</u>
Diluted					
Income from continuing operations	\$ 4.31	\$ 3.89	\$ 3.45	\$ 3.59	\$ 2.95
Income/(loss) from discontinued operations	(0.04)	(0.54)	0.06	(1.17)	(0.18)
Total	<u>\$ 4.27</u>	<u>\$ 3.35</u>	<u>\$ 3.51</u>	<u>\$ 2.42</u>	<u>\$ 2.77</u>
Dividends declared	\$ 0.46	\$ 0.38	\$ 0.31	\$ 0.27	\$ 0.23

	2015	2014	2013	2012	2011
BALANCE SHEET (in thousands)					
Total assets	\$ 660,341	\$ 578,160	\$ 510,573	\$ 479,811	\$ 474,905
Accounts receivable	110,478	107,674	97,995	96,493	92,032
Inventories	108,305	97,065	81,811	70,802	72,447
Accounts payable	80,764	85,206	67,552	60,229	66,103
Goodwill	154,732	125,965	111,905	100,633	102,439
Short-term debt	\$ -	\$ -	\$ -	\$ -	\$ 5,100
Long-term debt	103,031	45,056	50,072	50,000	46,500
Total debt	103,031	45,056	50,072	50,000	51,600
Less cash	96,128	74,260	51,064	54,749	14,407
Net debt (cash)	6,903	(29,204)	(992)	(4,749)	37,193
Stockholders' equity	348,570	340,726	290,988	242,907	245,613
KEY STATISTICS					
Gross profit margin	32.1%	33.3%	32.4%	33.0%	33.2%
Operating income margin	10.2%	9.2%	9.2%	10.4%	9.8%

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a leading manufacturer of a variety of products and services for diverse commercial and industrial markets. We have five reportable segments: Food Service Equipment Group, Engraving Group, Engineering Technologies Group, Electronics Products Group, and the Hydraulics Products Group.

Our long term strategy is to build larger industrial platforms through a value creation system that assists management in meeting specific corporate and business unit financial and strategic performance goals in order to create and sustain shareholder value. The Standex Value Creation System has four components. The Balanced Performance Plan process aligns annual goals throughout the business and provides a standard reporting, management and review process. It is focused on setting and meeting annual and quarterly targets that support our short term and long term goals. The Standex Growth Disciplines are a standard set of tools and processes to grow our businesses organically and through acquisitions. Standex Operational Excellence employs LEAN processes to eliminate waste, improve profitability, cash flow and customer satisfaction. Finally, the Standex Talent Management process provides training, development, and succession planning for our employees. The value creation system provides standard tools and processes throughout Standex to deliver our business objectives:

- It is our objective to grow larger and more profitable business units through both organic initiatives and acquisitions. On an ongoing basis we identify and implement organic growth initiatives such as new product development, geographic expansion, introduction of products and technologies into new markets and applications, key accounts and strategic sales channel partners. Also, we have a long-term objective to create sizable business platforms by adding strategically aligned or “bolt on” acquisitions to strengthen the individual businesses, to create both sales and cost synergies with our core business platforms, to accelerate their growth and margin improvement. There is a particular focus on identifying and investing in opportunities that complement our products and will increase the global presence and capabilities of our businesses. From time to time we have divested businesses that we felt were not strategic or did not meet our growth and return expectations.

- We create “Customer Intimacy” by utilizing the Standex Growth Disciplines to partner with our customers in order to develop and deliver custom solutions or engineered products that provide technology-driven solutions to our customers. This relationship generally provides us with the ability to sustain sales and profit growth over time and provide operating margins that enhance shareholder returns. Further, we have made a priority of developing new sales channels and leveraging strategic customer relationships.
- Standex Operational Excellence drives continuous improvement in the efficiency of our businesses. We recognize that our businesses are competing in a global economy that requires that we constantly strive to improve our competitive position. We have deployed a number of management competencies including operational excellence through lean enterprise, the use of low cost manufacturing facilities in countries such as Mexico, and China, the consolidation of manufacturing facilities to achieve economies of scale and leveraging of fixed infrastructure costs, alternate sourcing to achieve procurement cost reductions, and capital improvements to increase shop floor productivity, which drives improvements in the cost structure of our business units.
- Our capital allocation strategy is to use cash flow generated from operations to fund the strategic growth programs described above, including acquisitions, dividends, and capital investments for organic growth and cost reductions. We recognize that cash flow is fundamental to our ability to invest in organic and acquisitive growth for our business units and return cash to our shareholders in the form of dividends.

As part of this ongoing strategy, during the first quarter of fiscal year 2015, we acquired Enginetics Corporation, (“Enginetics”), a leading producer of aircraft engine components for all major aircraft platforms. This investment complements our Engineering Technologies Group and allows us to provide broader solutions to the aviation market. During June 2014, we also acquired Ultrafryer Systems, Inc., (“Ultrafryer”), a manufacturer of high quality commercial deep fryers. This investment expanded our Food Service Equipment Group’s cooking product line capabilities in restaurant chains and commercial food service institutions. During June 2014, we also acquired the assets of Planar Quality Corporation, a producer of transformers for commercial military and space applications. This investment strategically enhances our Electronics Group’s transformer product line capabilities.

We continue to focus on our efforts to reduce cost and improve productivity across our businesses, particularly in the Food Service Equipment Group with the previously announced Cooking Solutions consolidation of operations located in the Cheyenne, Wyoming plant into its Mexico facility. We continue to evaluate our products and production processes and expect to execute similar cost reductions and restructuring programs on an ongoing basis.

Our business units are actively engaged in initiating new product introductions, expansion of product offerings through private labeling and sourcing agreements, geographic expansion of sales coverage, the development of new sales channels, leveraging strategic customer relationships, development of energy efficient products, new applications for existing products and technology, and next generation products and services for our end-user markets.

Restructuring expenses reflect costs associated with the Company’s efforts to continuously improve operational efficiency and expand globally in order to remain competitive in the end-user markets we serve. Each year the Company incurs costs for actions to size its businesses to a level appropriate for current economic conditions and to improve its cost structure to enhance our competitive position and operating margins. Such expenses include costs for moving facilities to low-cost locations, starting up plants after relocation, curtailing or downsizing operations because of changing economic conditions, and other costs resulting from asset redeployment decisions. Shutdown costs include severance, benefits, stay bonuses, lease and contract terminations, asset write-downs, costs of moving fixed assets, moving, and relocation costs. Vacant facility costs include maintenance, utilities, property taxes, and other costs.

Because of the diversity of the Company’s businesses, end user markets and geographic locations, management does not use specific external indices to predict the future performance of the Company, other than general information about broad macroeconomic trends. Each of our individual business units serves niche markets and attempts to identify trends other than general business and economic conditions which are specific to their businesses and which could impact their performance. Those units report pertinent information to senior management, which use it to the extent relevant to assess the future performance of the Company. A description of any such material trends is described below in the applicable segment analysis.

We monitor a number of key performance indicators (“KPIs”) including net sales, income from operations, backlog, effective income tax rate, and gross profit margin. A discussion of these KPIs is included in the discussion below. We may also supplement the discussion of these KPIs by identifying the impact of foreign exchange rates, acquisitions, and other significant items when they have a material impact on the discussed KPI.

We believe that the discussion of these items provides enhanced information to investors by disclosing their consequence on the overall trend in order to provide a clearer comparative view of the KPI where applicable. For discussion of the impact of foreign exchange rates on KPIs, the Company calculates the impact as the difference between the current period KPI calculated at the current period exchange rate as compared to the KPI calculated at the historical exchange rate for the prior period. For discussion of the impact of acquisitions, we isolate the effect to the KPI amount that would have existed regardless of our acquisition. Sales resulting from synergies between the acquisition and existing operations of the Company are considered organic growth for the purposes of our discussion.

Unless otherwise noted, references to years are to fiscal years.

Consolidated Results from Continuing Operations (in thousands):

	2015	2014	2013
Net sales	\$ 772,142	\$ 716,180	\$ 673,390
Gross profit margin	32.1%	33.3%	32.4%
Restructuring costs	3,443	10,077	2,666
Other income/(expense) operating	438	3,462	-
Income from operations	78,644	65,868	61,895
Backlog (realizable within 1 year)	\$ 168,157	\$ 143,132	\$ 125,396
	2015	2014	2013
Net sales	\$ 772,142	\$ 716,180	\$ 673,390
Components of change in sales:			
Effect of acquisitions	38,155	297	55,129
Effect of exchange rates	(16,423)	3,954	(2,807)
Organic sales growth	34,230	38,539	10,482

Net sales for the fiscal year 2015 increased by \$56.0 million, or 7.8%, when compared to the prior year. The increase is driven by \$34.2 million or 4.8% of organic sales growth from three of our segments, \$38.2 million or 5.3% of acquisitions from Enginetics, Ultrafryer, and Planar partially offset by unfavorable foreign exchange of \$16.4 million or 2.3% primarily from the strength of the U.S. dollar as compared to the Euro and Pound. Sales growth is a result of success of our top-line growth initiatives and improvements in end-user markets. We expect unfavorable foreign exchange impacts to revenue to continue into our first and second quarters of fiscal year 2016.

Net sales for the fiscal year 2014 increased by \$42.8 million, or 6.4%, when compared to the prior year. The increase is driven by \$38.5 million or 5.7% of organic sales growth from all our segments and favorable foreign exchange of \$4.0 million. Sales growth is a result of success of our top-line growth initiatives and improvements in end-user markets.

Gross Profit Margin

During 2015, gross margin decreased to 32.1% as compared to 33.3% in 2014. This decrease is primarily a result of exchange rate declines, an unfavorable sales mix as compared to the prior year, coupled with \$1.7 million of purchase accounting charges associated with the Enginetics and Ultrafryer acquisitions.

During 2014, gross margin increased to 33.3% as compared to 32.4% in 2013. This increase is primarily a result of sales volume and favorable sales mix, coupled with the absence of \$1.5 million of purchase accounting charges

incurred during 2013 associated with the Meder acquisition. Gross margin has increased at the Engraving Group due to strong automotive Mold-Tech sales.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses, (“SG&A”) for the fiscal year 2015 were \$165.8 million or 21.5% of sales compared to \$165.8 million or 23.1% of sales during the prior year. The decline in SG&A as a percentage of sales relates to three primary items: the absence of \$3.9 million of management transition costs in the prior year; increased selling and distribution expense in the current year associated with a 4.8% increase in organic sales during the year; and \$6.6 million of incremental expenses as a result of the Ultrafryer and Enginetics acquisitions.

Selling, general, and administrative expenses for the fiscal year 2014 were \$165.8 million or 23.1% of sales compared to \$153.6 million or 22.8% of sales. The increase was driven by \$3.9 million of management transition costs, \$3.4 million of compensation expense due to improved performance and increase of \$3.1 million of increased selling and distribution expenses due to incremental sales volume. The charge for management transition expense included search fees, relocation and other costs associated with the hiring of a new chief executive officer (“CEO”) and the acceleration of stock incentive compensation expenses related to the retired CEO.

Income from Operations

Income from operations for the fiscal year 2015 increased by \$12.8 million or 19.4%, when compared to the prior year. The increase is primarily driven by \$56.0 million of sales increases, increasing gross profit by \$9.2 million, along with a \$6.6 million decline in restructuring expenses, and a reduction in net gain from insurance proceeds of \$3.0 million.

Income from operations for the fiscal year 2014 increased by \$4.0 million or 6.4%, when compared to the prior year. The increase was primarily driven by \$42.8 million of sales increases, gross profit improvement of \$20.0 million, and a \$3.5 million net gain from insurance proceeds, partially offset by increased operating expense and restructuring costs associated with the completion of a facility closure in the Food Service Equipment Group.

Discussion of the performance of all of our reportable segments is more fully explained in the segment analysis that follows.

Interest Expense

Interest expense for the fiscal year 2015 was \$3.2 million, an increase of \$0.9 million as compared to the prior year. The increase is primarily due to higher average borrowings outstanding during the year as a result of the Enginetics acquisition and increased capital spending to support strategic growth programs. Interest expense of \$2.2 million during 2014 was comparable with 2013.

Income Taxes

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2015 was \$20.9 million, an effective rate of 27.4%, compared to \$18.1 million, an effective rate of 26.6% for the year ended June 30, 2014, and \$15.2 million, an effective rate of 25.7% for the year ended June 30, 2013. Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, the amount of the Company's income or loss, the mix of income earned in the U.S. versus outside the U.S., the effective tax rate in each of the countries in which we earn income, and any one time tax issues which occur during the period.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2015 was impacted by the following items: (i) a benefit of \$0.5 million related to the R&D tax credit that expired during the fiscal year on December 31, 2014 (ii) a benefit of \$4.0 million due to the mix of income earned in jurisdictions with beneficial tax rates.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2014 was impacted by the following items: (i) a benefit of \$0.5 million related to the R&D tax credit that expired during the fiscal year on

December 31, (ii) a benefit of \$0.5 million related to a decrease in the statutory tax rate in the United Kingdom on prior period deferred tax liabilities recorded during the first quarter during the fiscal year, (iii) a benefit of \$1.1 million due to non-taxable life insurance proceeds received in the third quarter and (iv) a benefit of \$3.8 million due to the mix of income earned in jurisdictions with beneficial tax rates.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2013 was impacted by the following items: (i) a benefit of \$0.4 million related to the retroactive extension of the R&D credit recorded during the third quarter, (ii) a benefit of \$0.3 million related to a decrease in the statutory tax rate in the United Kingdom on prior period deferred tax liabilities recorded during the first and fourth quarters, (iii) a benefit of \$1.0 million from the reversal of a deferred tax liability that was determined to be no longer required during the third quarter and (iv) a benefit of \$2.8 million due to the mix of income earned in jurisdictions with beneficial tax rates.

Capital Expenditures

In general, our capital expenditures over the longer term are expected to be approximately 2% to 3% of net sales. During 2015, capital expenditures increased to \$22.6 million compared to \$18.8 million in the prior year. We anticipate capital expenditures in the range of \$26.0 million to \$28.0 million in 2016 including approximately \$6.0 million related to a new facility to support growth in the aviation market.

Backlog

Backlog includes all active or open orders for goods and services that have a firm fixed customer purchase order with defined delivery dates. Backlog also includes any future deliveries based on executed customer contracts, so long as such deliveries are based on agreed upon delivery schedules. Backlog is not generally a significant factor in the Company's businesses because of our relatively short delivery periods and rapid inventory turnover with the exception of Engineering Technologies.

Backlog realizable within one year increased \$25.0 million, or 17.5%, to \$168.2 million at June 30, 2015 from \$143.1 million at June 30, 2014. Backlog excluding the acquisition year over year is down by \$1.2 million or 0.8%.

Segment Analysis (in thousands)

Food Service Equipment

(in thousands except percentages)	2015 compared to 2014			2014 compared to 2013		
	2015	2014	% Change	2014	2013	% Change
Net sales	\$ 408,706	\$ 377,848	8.2%	\$ 377,848	\$ 367,008	3.0%
Income from operations	37,456	38,203	-2.0%	38,203	37,533	1.8%
Operating income margin	9.2%	10.1%		10.1%	10.2%	

Net sales for fiscal year 2015 increased \$30.9 million, or 8.2%, when compared to the prior year. The sales growth was driven by organic sales increases of 4.9%, sales generated from Ultrafryer of 3.9%, partially offset by foreign exchange declines. The Refrigerated Solutions Group sales increased 4.7% as the group saw a return of the drug retail business in 2015 and continued to have strong sales into the dollar store market. Also adding to 2015 growth were general dealer markets which were up appreciably, but at a lower price point and with lower-margin product mix. This strength was partially offset by weakness in national food service chains. Sales from the Cooking Solutions Group increased by 22.2% year over year. Excluding the Ultrafryer acquisition, Cooking Solutions Group grew at 4.2%. The acquisition of Ultrafryer has generated strong sales growth and has provided access to new chains. Elsewhere in the Cooking Solutions Group, growth was driven by U.S. retail supermarket customers. We have re-aligned our European distribution in the U.K. by closing our direct sales office. This is expected to yield profitable sales growth in 2016. The closure of a facility at the end of fiscal year 2014 caused delays in customer deliveries during the year. Factory and distribution center performance improved gradually during the year as we continued to align product mix in each distribution center with our customers' needs. Further improvements are planned during 2016 to optimize the segment's distribution network. Specialty Solutions sales increased 1.1% as our European pump business was impacted by the weakening of the Euro during the year. Foreign exchange losses in the group were offset by sales

growth in our specialty merchandising business as several new chains have signed on for development of customized solutions. We anticipate strong growth in the deli and display case markets primarily in convenience and small footprint retail stores in 2016.

Income from operations for fiscal year 2015 decreased \$0.7 million, or 2.0%, when compared to the prior year, and operating income margin declined from 10.1% to 9.2%. The positive impact of the year-over-year volume increase was offset by a combination of adverse market channel, product and customer mix changes; negative foreign exchange impacts and disruptions resulting from a factory closure. During the fourth quarter operating income margin increased 0.9% over prior year to 11.8%. The operating income margin results in the Group have been trending favorably. We expect to realize the full benefits of the factory consolidation in the first half of 2016.

We have targeted operational margin improvements in 2016. This is expected to be driven by product line rationalization; realignment of our U.K. sales channel; introduction of several new products; and capital-related cost reduction projects. In addition, we are realigning our organizational structure, reducing the number of P&Ls from seven to four, building a strong leadership team, and implementing operational excellence initiatives.

Net sales for fiscal year 2014 increased \$10.8 million, or 3.0%, when compared to the prior year. The Refrigerated Solutions (walk-in coolers and freezers and refrigerated cabinets) and Specialty Solutions businesses grew approximately 5.8% and 3.6%, respectively, year over year, while the Cooking Solutions Group net sales declined by 3.0% year over year. The Refrigeration business continued to see penetration into the dollar store segment with its new line of “endless” merchandising products. Also strong were the general dealer markets and specialty cabinets for the beverage industry. This strength was partially offset by continued weakness in the drug retail segment as new store construction is at reduced levels compared to prior year, and to our quick-service restaurant chain customers that had reduced domestic capital spending due to customer changes in timing of deliveries. The Specialty Solutions Group growth was driven by strong growth in the beverage pump business as demand returned in both the domestic and international markets, particularly with demand for new products in the European espresso market segment. This growth was partially offset by a sales decline in the Specialty Merchandising segment due to soft demand in the middle of the fiscal year. The sales decline in the Cooking Solutions Group was driven by weakness at several key dealers, lapping of a chain rollout in the prior year and reductions in inventories at parts distributors. This was partially overcome by strengthening of the U.S. retail supermarket deli market segment, overcoming further softening of sales in the U.K. In addition, the Cooking Group benefited from \$0.3 million of sales from the Ultrafryer acquisition.

Income from operations for fiscal year 2014 increased \$0.7 million, or 1.8%, when compared to the prior year. The Group’s return on sales was nearly flat as compared to the prior year. The positive impact of the year over year volume increase was partially offset by a combination of adverse product and customer mix changes. Additionally, productivity was negatively impacted by disruption related to the manufacturing realignment.

Engraving

(in thousands except percentages)	2015 compared to 2014			2014 compared to 2013		
	2015	2014	% Change	2014	2013	% Change
Net sales	\$ 110,781	\$ 109,271	1.4%	\$ 109,271	\$ 93,380	17.0%
Income from operations	24,250	22,145	9.5%	22,145	15,596	42.0%
Operating income margin	21.9%	20.3%		20.3%	16.7%	

Net sales for fiscal year 2015 increased by \$1.5 million or 1.4%, compared to the prior year. Unfavorable foreign exchange impacted sales \$7.2 million. Sales growth excluding foreign exchange losses were primarily driven by continued expansion of our Asia Pacific Mold-Tech business as a result of increased market share. North American sales volumes were down for the year due to lower new automotive model activity and some automotive projects that were pushed out from the fourth quarter to the first half of 2016. We continue to expand our Mold-Tech business with new operations established in the quarter in Sweden and Malaysia. Sales of core forming tooling grew 25% or \$2.4 million as compared to prior year. First half softness in our roll plate and machinery business was offset as sales strengthened in the second half of the year. We expect sales improvements in 2016 in the North American market as new automotive model launches are anticipated to increase.

Income from operations in fiscal year 2015 increased by \$2.1 million, or 9.5%, when compared to the prior year. The increase is driven by increased volume in Asia Pacific partially offset by unfavorable foreign exchange and fewer new model launches which impeded margin growth in the mold texturing business.

Net sales for fiscal year 2014 increased by \$15.9 million or 17.0%, compared to the prior year. This growth was driven by record new model launches and refreshed platforms in the global automotive industry. Increased market share gained by our Mold-Tech business resulted in a 26% or \$16.9 million increase in mold texturing sales as compared to the prior year. Growth for Mold-Tech was strong in all markets we operate in worldwide. Sales of core forming tooling grew 6% or \$0.5 million as compared to prior year.

Income from operations in fiscal year 2014 increased by \$6.5 million, or 42%, when compared to the prior year. High margins associated with new automotive model platform launches and refreshed platforms worldwide drove higher profitability for the year.

Engineering Technologies

(in thousands except percentages)	2015 compared to 2014			2014 compared to 2013		
	2015	2014	% Change	2014	2013	% Change
Net sales	\$ 97,018	\$ 79,642	21.8%	\$ 79,642	\$ 74,838	6.4%
Income from operations	13,097	12,676	3.3%	12,676	13,241	-4.3%
Operating income margin	13.5%	15.9%		15.9%	17.7%	

Net sales in the fiscal year 2015 increased \$17.4 million, or 21.8%, when compared to the prior year. Acquisitions contributed \$22.5 million or 28.3%, partially offset by organic sales declines of \$4.6 million, or 5.8%. Sales in the land based gas turbine and oil and gas segments were down 24.9% from the prior year level. The decline was a result of reduced demand due to lower oil prices. Based on current pricing levels, we expect this market to remain soft for at least the next 12 months. In response we have implemented plans to align operating costs with demand. Space segment sales increased 26.3% from the prior year driven by higher sales in both the launch vehicle and the manned space segments currently in the development phase. Legacy sales in the aviation segment were up 24% compared to the prior year due to recent contract awards. Defense related sales were down 41.2% due to the timing of project based contracts. Sales in the medical segment were down 14.4% primarily due to a shift in product mix.

Income from operations in the fiscal year 2015 increased \$0.4 million, or 3.3%, when compared to the prior year due to the impact of the Enginetics acquisition. Operating income was negatively impacted by \$1.1 million of purchase accounting expenses and lower volume from oil and gas customers. During the first quarter of fiscal year 2016 we expect to break ground for a new facility in Wisconsin to support growth in the aviation market. We expect the facility to be operational in fiscal year 2016.

Net sales in the fiscal year 2014 increased \$4.8 million, or 6.4%, when compared to the prior year. Sales growth in the space, energy, aviation, and oil and gas markets was offset by declines in the medical and industrial market segments. The space market segment increased from prior year levels due to continued strong demand on launch vehicle development programs and the satellite launch segment. The land based gas turbine business improved year-over-year due to increased demand from our OEM customers. Sales to the oil and gas segment increased year-over-year as a result of additional large offshore platform projects. The aviation market was up from the prior year as a result of newly awarded programs and development contracts as well as increased market penetration.

Income from operations in the fiscal year 2014 decreased \$0.6 million, or 4.3%, when compared to the prior year. Volume and product mix improvements in the U.K. were offset by higher manufacturing and development costs in the U.S.

Electronics Products

(in thousands except percentages)	2015 compared to 2014			2014 compared to 2013		
	2015	2014	% Change	2014	2013	% Change
Net sales	\$ 114,196	\$ 114,881	-0.6%	\$ 114,881	\$ 108,085	6.3%
Income from operations	20,884	19,732	5.8%	19,732	16,147	22.2%
Operating income margin	18.3%	17.2%		17.2%	14.9%	

Net sales in the fiscal year 2015 decreased \$0.7 million, 0.6%, when compared to the prior year. Organic sales growth of \$4.8 million, or 4.2%, was more than offset by exchange rate declines of \$6.2 million. Almost all of the growth came from the sensor, relay and planar product lines across all major geographic areas. Sales growth in local currency was particularly strong in Europe and Asia. We have a strong backlog going into the first quarter of fiscal year 2016 and the Company anticipates that the strength in the US dollar will negatively impact net sales in the first half of 2016 as compared to the prior year.

Income from operations in the fiscal year 2015 increased \$1.2 million, or 5.8%, when compared to the prior year. The improvement was driven by the organic sales growth; operational improvements; material and labor cost savings; favorable product mix due to increased sensor and relay sales; facility consolidations; and improved efficiencies in our new Mexico facility partially offset by a negative impact due to foreign exchange rates.

Net sales in the fiscal year 2014 increased \$6.8 million, or 6.3%, when compared to the prior year. Much of the increase took place within the sensor product line both in North America and Europe. Sales in various markets improved particularly in transportation, industrial, contract manufacturing and metering. Sales were also helped by favorable foreign exchange rate totaling approximately \$2.6 million.

Income from operations in the fiscal year 2014 increased \$3.6 million, or 22.2%, when compared to the prior year. The improvement was driven by the sales increase as well as various cost savings both material and labor, product mix in sensors, a consolidation of the Tianjin manufacturing and Hong Kong distribution operations into the existing Shanghai operation, and the absence of \$1.5 million of purchase accounting expenses related to the Meder acquisition incurred in 2013.

Hydraulics Products

(in thousands except percentages)	2015 compared to 2014			2014 compared to 2013		
	2015	2014	% Change	2014	2013	% Change
Net sales	\$ 41,441	\$ 34,538	20.0%	\$ 34,538	\$ 30,079	14.8%
Income from operations	7,013	5,781	21.3%	5,781	4,968	16.4%
Operating income margin	16.9%	16.7%		16.7%	16.5%	

Net sales in the fiscal year 2015 increased \$6.9 million, or 20.0%, when compared to the prior year. Diversification of our OEM business into refuse and construction equipment along with strong demand for cylinder requirements in the traditional North American dump truck and trailer drove the increase in net sales. The business has focused on delivering custom engineered cylinder solutions to OEM customers, including single and double acting telescopic hydraulic cylinders, hydraulic rod cylinders, and most recently pneumatic cylinders. New applications for these products are being utilized on roll off container handlers, garbage trucks, airline support equipment, lift trucks, and specialty loading equipment. To support expected increased demand, we will be making capital investments in our factories during 2016.

Income from operations in the fiscal year 2015 increased \$1.2 million or 21.3% when compared to the prior year due to increased sales volume and better facility utilization.

Net sales in the fiscal year 2014 increased \$4.5 million, or 14.8%, when compared to the prior year. Diversification of our OEM business into refuse and construction equipment along with the revitalization of the traditional North American dump truck and trailer and export markets drove the 14.8% growth in net sales.

Income from operations in the fiscal year 2014 increased \$0.8 million or 16.4% when compared to the prior year. This increase in annual income from operations was primarily due to better utilization of factory overhead both in the North American and the Tianjin China, factories in addition to strict cost containment efforts.

Corporate, Restructuring and Other

(in thousands except percentages)	2015 compared to 2014			2014 compared to 2013		
	2015	2014	% Change	2014	2013	% Change
Corporate	\$ (21,051)	\$ (26,054)	-19.2%	\$ (26,054)	\$(22,924)	13.7%
Restructuring	(3,443)	(10,077)	-65.8%	(10,077)	(2,666)	278.0%
Other operating income (expense), net	438	3,462	-87.3%	3,462	-	100.0%

Corporate expenses in fiscal year 2015 decreased \$5.0 million or 19.2% when compared to the prior year. The decrease is primarily due to the absence of management transition cost of \$3.9 million incurred in 2014.

Corporate expenses in fiscal year 2014 increased \$3.1 million or 13.7% when compared to the prior year. The increase was driven by \$3.9 million of management transition. The charge for management transition expense includes search fees, relocation and other costs associated with the hiring of a new chief executive officer (“CEO”) and the acceleration of stock incentive compensation expenses related to the retired CEO.

Restructuring expense during fiscal year 2015 was \$3.4 million compared to \$10.1 million the prior year. Restructuring expense consisted of \$2.6 million related to facility closures and consolidations in the Food Service Equipment Group.

Restructuring expenses of \$10.1 million in the fiscal year 2014 are composed of \$9.2 million at Food Service Equipment primarily related to the announced closure of the Cheyenne, Wyoming facility, which includes a non-cash fixed asset impairment charge of \$5.4 million.

The Company currently expects to incur between \$2.0 and \$4.0 million of restructuring expense in 2016, including the cost to complete actions initiated during 2015 and actions anticipated to be approved and initiated during 2016.

During fiscal year 2015, other operating income (expense), net decreased by \$3.0 million from the prior year. The decrease is primarily a reduction of insurance proceeds received related to the catastrophic failure of a large vertical machining center located at our Engineering Technologies facility in Massachusetts.

During fiscal year 2014, other operating income (expense), net includes a \$3.5 million net gain from insurance proceeds we received. Insurance proceeds of \$4.5 million were partially offset by the write-off of the net book value of the machine of \$1.0 million.

Discontinued Operations

In pursuing our business strategy, we have divested certain businesses and recorded activities of these businesses as discontinued operations.

In June 2014, the Company divested the American Foodservice Company, (“AFS”) a manufacturer of custom design and fabrication of counter systems and cabinets, in our Food Service Equipment Group segment. In connection with this sale, the Company received proceeds of \$3.1 million and recorded a net loss on disposal of \$3.2 million.

On March 30, 2012, Air Distribution Products Group, (“ADP”) was sold to a private equity buyer for consideration of \$16.1 million consisting of \$13.1 million in cash. Pursuant to the transaction, the Company received a \$3.0 million promissory note from the buyer. The note is secured by a mortgage on the ADP real estate sold in the transaction in

Detroit Lakes, MN, Medina, NY, and Powder Springs, GA. The Company remained the obligor of ADP's Philadelphia, PA facility and administrative offices, and sublet space to the buyer after the divestiture. The buyer terminated their obligation under the Philadelphia sublease in September 2014. On February 4, 2015 we entered into a one year renewable sublease agreement for this building. Our net obligation with respect to the remaining Philadelphia leases is \$1.3 million, of which \$0.9 million was recorded as a liability at June 30, 2015. We do not expect to record additional charges related to these obligations.

During 2014, the Company received notice that its obligations under a guarantee provided to the buyers of ADP were triggered as a result of its withdrawal from both of the multi-employer pension plans in which ADP previously participated. As a result, the Company has recorded charges of \$1.6 million in excess of the value of the guarantee previously recorded. The last of these obligations were settled in July of fiscal year 2016 by a \$0.5 million payment to the final multi-employer plan.

The following table summarizes the Company's discontinued operations activity, by operation, for the years ended June 30, (in thousands):

	Year Disposed	2015	2014	2013
Sales:				
American Foodservice Company	2014	\$ -	\$ 20,556	\$ 27,870
Income (loss) before taxes:				
American Foodservice Company ⁽¹⁾	2014	(492)	(8,339)	1,934
Air Distribution Products Group	2012	(137)	(1,849)	(451)
Other loss from discontinued operations		(130)	(387)	(207)
Income (loss) before taxes from discontinued operations		(759)	(10,575)	1,276
(Provision) benefit for tax		259	3,692	(482)
Net income (loss) from discontinued operations		\$ (500)	\$ (6,883)	\$ 794

(1) American Foodservice Company incurred a pretax operational loss of \$3.5 million and pretax loss on sale of \$4.8 million.

Liquidity and Capital Resources

At June 30, 2015, our total cash balance was \$96.1 million, of which \$90.3 million was held by foreign subsidiaries. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to capital controls; however, those balances are generally available without legal restrictions to fund ordinary business operations. Our current plans are not expected to require a repatriation of cash to fund our U.S. operations and as a result, we intend to indefinitely reinvest our foreign earnings to fund our overseas growth. If the undistributed earnings of our foreign subsidiaries are needed for operations in the United States we would be required to accrue and pay U.S. taxes upon repatriation.

Cash Flow

Net cash provided by operating activities from continuing operations for the year ended June 30, 2015 was \$66.2 million, compared to \$72.0 million for the same period in 2014. Changes to net cash provided by operating activities of \$5.8 million primarily related to increases to net income of \$5.5 million and \$2.9 million of decreases to non-cash stock compensation expenses which were more than offset by the use of cash for net working capital needs during the year.

Net cash used in investing activities from continuing operations for the year ended June 30, 2015 was \$78.5 million, consisting primarily of \$57.1 million for the acquisitions and \$22.6 million for capital expenditures.

Net cash provided by financing activities for continuing operations for the year ended June 30, 2015, was \$44.6 million consisting of net borrowings of \$58.0 million primarily related to acquisitions during the year, partially offset by dividends paid of \$5.8 million, and repurchased treasury stock of \$7.6 million.

Capital Structure

During fiscal year 2015, the Company entered into an Amended and Restated Credit Agreement (“Credit Facility”, or “facility”). This five-year Credit Facility expires in December 2019 and has a borrowing limit of \$400 million, which can be increased by an amount of up to \$100 million, in accordance with specified conditions contained in the agreement. The facility also includes a \$10 million sublimit for swing line loans and a \$30 million sublimit for letters of credit. The facility amends and restates a previously existing \$225 million revolving credit agreement, which was scheduled to expire in January 2017.

Under the terms of the Credit Facility, we will pay a variable rate of interest and a commitment fee on borrowed amounts as well as a commitment fee on unused amounts under the facility. The amount of the commitment fee will depend upon both the undrawn amount remaining available under the facility and the Company’s funded debt to EBITDA (as defined in the agreement) ratio at the last day of each quarter. As our funded debt to EBITDA ratio increases, the commitment fee will increase.

Funds borrowed under the facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio is maintained), and other general corporate purposes. As of June 30, 2015, the Company has used \$7.2 million against the letter of credit sub-facility and had the ability to borrow \$248.3 million under the facility based on our current EBITDA. The facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants. The Company’s current financial covenants under the facility are as follows:

Interest Coverage Ratio - The Company is required to maintain a ratio of Earnings Before Interest and Taxes, as Adjusted (“Adjusted EBIT per the Credit Facility”), to interest expense for the trailing twelve months of at least 3.0:1. Adjusted EBIT per the Credit Facility specifically excludes extraordinary and certain other defined items such as cash restructuring and acquisition-related charges up to \$7.5 million, and unlimited non-cash charges including gains or losses on sale of property and goodwill adjustments. At June 30, 2015, the Company’s Interest Coverage Ratio was 26.99:1.

Leverage Ratio - The Company’s ratio of funded debt to trailing twelve month Adjusted EBITDA per the facility, calculated as Adjusted EBIT per the Credit Facility plus depreciation and amortization, may not exceed 3.5:1. At June 30, 2015, the Company’s Leverage Ratio was 1.08:1.

As of June 30, 2015, we had borrowings under our facility of \$103.0 million and the effective rate of interest for outstanding borrowings under the facility was 1.46%. Our primary cash requirements in addition to day-to-day operating needs include interest payments, capital expenditures, and dividends. Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the facility. We expect to spend between \$26.0 and \$28.0 million on capital expenditures during 2016, and expect that depreciation and amortization expense will be between \$16.0 and \$17.0 million and \$2.5 and \$3.5 million, respectively.

In order to manage our interest rate exposure, we are party to \$35.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.63%.

The following table sets forth our capitalization at June 30, (in thousands):

	2015	2014
Long-term debt	\$ 103,031	\$ 45,056
Less cash	96,128	74,260
Net (cash) debt	6,903	(29,204)
Stockholders’ equity	348,570	340,726
Total capitalization	<u>\$ 355,473</u>	<u>\$ 311,522</u>

Stockholders’ equity increased year over year by \$7.8 million, primarily as a result of current year net income of \$54.7 million partially offset by \$23.1 million of unfavorable foreign currency translation, \$5.9 million dividends paid, \$14.3 million of Unrealized Pension loss and favorable changes in fair value of derivative instruments of \$0.2 million. The

Company's net (cash) debt to capital percentage changed from 1.9% net debt to capital for the year ended June 30, 2015 from 9.4% net cash to capital for the year ended June 30, 2014. This change was primarily driven by borrowings to fund acquisitions.

We sponsor a number of defined benefit and defined contribution retirement plans. The fair value of the Company's U.S. pension plan assets was \$204.7 million at June 30, 2015 and the projected benefit obligation in the U.S. was \$252.2 million at that time. In June 2012, the Moving Ahead for Progress in the 21st Century ("MAP 21") bill was signed into law by Congress. As a result of past contributions, the plan is 100% funded under PPA rules at June 30, 2015, and we do not expect to make mandatory contributions to the plan until 2020. We expect to pay \$1.5 million in prescribed contributions to our U.K. defined benefit plan and other unfunded defined benefit plans in both the U.S. and Europe during fiscal year 2016.

The Company's pension plan was frozen for U.S. employees and participants in the plan ceased accruing future benefits. These actions contributed to a decrease of \$1.0 million, or \$0.05 per diluted share, of reduced expense related to our legacy U.S. plan in 2015 compared to 2014.

We have evaluated the current and long-term cash requirements of our defined benefit and defined contribution plans as of June 30, 2015 and determined our operating cash flows from continuing operations and available liquidity are expected to be sufficient to cover the required contributions under ERISA and other governing regulations.

We have an insurance program in place to fund supplemental retirement income benefits for six retired executives. Current executives and new hires are not eligible for this program. At June 30, 2015 the underlying policies had a cash surrender value of \$18.6 million and are reported net of loans of \$10.0 million for which we have the legal right of offset.

Contractual obligations of the Company as of June 30, 2015 are as follows (in thousands):

Contractual Obligations	Total	Payments Due by Period			
		Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt obligations	\$ 103,031	\$ 12	\$ 19	\$ 103,000	\$ -
Operating lease obligations	29,477	6,996	9,179	5,055	8,247
Estimated interest payments ⁽¹⁾	7,885	1,897	3,582	2,406	-
Post-retirement benefit payments ⁽²⁾	5,009	518	969	1,005	2,517
Total	<u>\$ 145,402</u>	<u>\$ 9,423</u>	<u>\$ 13,749</u>	<u>\$ 111,466</u>	<u>\$ 10,764</u>

(1) Estimated interest payments are based upon effective interest rates as of June 30, 2015, and include the impact of interest rate swaps. See Item 7A for further discussions surrounding interest rate exposure on our variable rate borrowings.

(2) Post-retirement benefits and pension plan contribution payments represents' future pension payments to comply with local funding requirements. Our policy is to fund domestic pension liabilities in accordance with the minimum and maximum limits imposed by the Employee Retirement Income Security Act of 1974 ("ERISA"), federal income tax laws and the funding requirements of the Pension Protection Act of 2006.

At June 30, 2015, we had \$0.6 million of non-current liabilities for uncertain tax positions. We are not able to provide a reasonable estimate of the timing of future payments related to these obligations.

Off Balance Sheet Items

In March 2012, the Company sold substantially all of the assets of the ADP business. In connection with the divestiture, the Company remained the obligor of ADP's Philadelphia, PA facility and administrative offices, and sublet space to the buyer after the divestiture. The buyer terminated their obligation under the Philadelphia sublease in September 2014. On February 4, 2015 we entered into a one year renewable, sublease agreement for this building.

Our net obligation with respect to the remaining Philadelphia leases is \$1.3 million, of which \$0.9 million was recorded as a liability at June 30, 2015. We do not expect to record additional charges related to these obligations. The buyer's obligations under the respective sublease and assumed lease are secured by a cross-default provision in the purchaser's promissory note for a portion of the purchase price which is secured by mortgages on the ADP real estate sold in the transaction.

At June 30, 2015, and 2014, the Company had standby letters of credit outstanding, primarily for insurance purposes, of \$7.2 million and \$11.3 million, respectively.

We had no other material off balance sheet items at June 30, 2015, other than the operating leases summarized above in the "Contractual obligations" table.

Other Matters

Inflation – Certain of our expenses, such as wages and benefits, occupancy costs and equipment repair and replacement, are subject to normal inflationary pressures. Inflation for medical costs can impact both our reserves for self-insured medical plans as well as our reserves for workers' compensation claims. We monitor the inflationary rate and make adjustments to reserves whenever it is deemed necessary. Our ability to manage medical costs inflation is dependent upon our ability to manage claims and purchase insurance coverage to limit the maximum exposure for us. Each of our segments is subject to the effects of changing raw material costs caused by the underlying commodity price movements. In general, we do not enter into purchase contracts that extend beyond one operating cycle. While Standex considers our relationship with our suppliers to be good, there can be no assurances that we will not experience any supply shortage.

Foreign Currency Translation – Our primary functional currencies used by our non-U.S. subsidiaries are the Euro, British Pound Sterling (Pound), Mexican (Peso), and Chinese (Yuan). During the current year, the Pound, Euro, and Peso have experienced decreases but the Yuan has remained flat in value related to the U.S. Dollar, our reporting currency. Since June 30, 2014 the Pound, Euro, and Peso have depreciated by 8.2%, 18.6%, and 16.3%, respectively (all relative to the U.S. Dollar). These exchange values were used in translating the appropriate non-U.S. subsidiaries' balance sheets into U.S. Dollars at the end of the current year.

Defined Benefit Pension Plans – We record expenses related to these plans based upon various actuarial assumptions such as discount rates and assumed rates of returns. The Company's pension plan was frozen for U.S. employees and participants in the plan ceased accruing future benefits. These actions contributed to a decrease of \$1.0 million, or \$0.05 per diluted share, of reduced expense related to our legacy U.S. plan in 2015 compared to 2014.

Environmental Matters – To the best of our knowledge, we believe that we are presently in substantial compliance with all existing applicable environmental laws and regulations and do not anticipate any instances of non-compliance that will have a material effect on our future capital expenditures, earnings or competitive position.

Seasonality – We are a diversified business with generally low levels of seasonality, however our fiscal third quarter is typically the period with the lowest level of activity.

Employee Relations – The Company has labor agreements with a number of union locals in the United States and a number of European employees belong to European trade unions. The three U.S. union contracts expiring during fiscal year 2015 were successfully negotiated for an additional three years. There are no U.S. union contracts expiring during fiscal year 2016.

Critical Accounting Policies

The Consolidated Financial Statements include accounts of the Company and all of our subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements. Although, we believe that materially different amounts would not be reported due to the accounting policies described below, the application of these accounting policies involves the

exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. We have listed a number of accounting policies which we believe to be the most critical.

The Company's product sales are recorded when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable, and collectability is reasonably assured. For products that include installation, and if the installation meets the criteria to be considered a separate element, product revenue is recognized upon delivery, and installation revenue is recognized when the installation is complete. Revenues under certain fixed price contracts are generally recorded when deliveries are made.

Sales and estimated profits under certain long-term contracts are recognized under the percentage-of-completion methods of accounting, whereby profits are recorded pro rata, based upon current estimates of costs to complete such contracts. Losses on contracts are provided for in the period in which the losses become determinable. Revisions in profit estimates are reflected on a cumulative basis in the period in which the basis for such revision becomes known. Any excess of the billings over cost and estimated earnings on long-term contracts is included in deferred revenue.

Collectability of Accounts Receivable – Accounts Receivable are reduced by an allowance for amounts that may become uncollectible in the future. Our estimate for the allowance for doubtful accounts related to trade receivables includes evaluation of specific accounts where we have information that the customer may have an inability to meet its financial obligation together with a general provision for unknown but existing doubtful accounts.

Realizability of Inventories – Inventories are valued at the lower of cost or market. The Company regularly reviews inventory values on hand using specific aging categories, and records a provision for obsolete and excess inventory based on historical usage and estimated future usage. As actual future demand or market conditions may vary from those projected by management, adjustments to inventory valuations may be required.

Realization of Goodwill - Goodwill and certain indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than its carrying amount of the asset. The Company's annual test for impairment is performed using a May 31st measurement date.

We have identified our reporting units for impairment testing as our eleven operating segments, which are aggregated into our five reporting segments as disclosed in Note 18 – Industry Segment Information.

The test for impairment is a two-step process. The first step compares the carrying amount of the reporting unit to its estimated fair value (Step 1). To the extent that the carrying value of the reporting unit exceeds its estimated fair value, a second step is performed, wherein the reporting unit's carrying value is compared to the implied fair value (Step 2). To the extent that the carrying value exceeds the implied fair value, impairment exists and must be recognized.

As quoted market prices are not available for the Company's reporting units, the fair value of the reporting units is determined using a discounted cash flow model (income approach). This method uses various assumptions that are specific to each individual reporting unit in order to determine the fair value. In addition, the Company compares the estimated aggregate fair value of its reporting units to its overall market capitalization.

Our annual impairment testing at each reporting unit relied on assumptions surrounding general market conditions, short-term growth rates, a terminal growth rate of 2.5%, and detailed management forecasts of future cash flows prepared by the relevant reporting unit. Fair values were determined primarily by discounting estimated future cash flows at a weighted average cost of capital of 9.69%. An increase in the weighted average cost of capital of approximately 350 basis points in the analysis would not result in the identification of any impairments.

While we believe that our estimates of future cash flows are reasonable, changes in assumptions could significantly affect our valuations and result in impairments in the future. The most significant assumption involved in the Company's determination of fair value is the cash flow projections of each reporting unit. Certain reporting units have been significantly impacted by the current global economic downturn and if the effects of the current global economic environment are protracted or the recovery is slower than we have projected estimates of future cash flows for each

reporting unit may be insufficient to support the carrying value of the reporting units, requiring the Company to reassess its conclusions related to fair value and the recoverability of goodwill.

As a result of our annual assessment, the Company determined that the fair value of the reporting units and indefinite-lived intangible assets substantially exceeded their respective carrying values. Therefore, no impairment charges were recorded in connection with our assessments during 2015.

Cost of Employee Benefit Plans – We provide a range of benefits to our employees, including pensions and some postretirement benefits. We record expenses relating to these plans based upon various actuarial assumptions such as discount rates, assumed rates of return, compensation increases, turnover rates, and health care cost trends. The expected return on plan assets assumption of 7.10% in the U.S. is based on our expectation of the long-term average rate of return on assets in the pension funds and is reflective of the current and projected asset mix of the funds and considers the historical returns earned on the funds. We have analyzed the rates of return on assets used and determined that these rates are reasonable based on the plans' historical performance relative to the overall markets as well as our current expectations for long-term rates of returns for our pension assets. The U.S. discount rate of 4.7% reflects the current rate at which pension liabilities could be effectively settled at the end of the year. The discount rate is determined by matching our expected benefit payments from a stream of AA- or higher bonds available in the marketplace, adjusted to eliminate the effects of call provisions. We review our actuarial assumptions, including discount rate and expected long-term rate of return on plan assets, on at least an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. Based on information provided by our actuaries and other relevant sources, we believe that our assumptions are reasonable.

The cost of employee benefit plans includes the selection of assumptions noted above. A twenty-five basis point change in the expected return on plan assets assumptions, holding our discount rate and other assumptions constant, would increase or decrease pension expense by approximately \$0.6 million per year. A twenty-five basis point change in our discount rate, holding all other assumptions constant, would have no impact on 2015 pension expense as changes to amortization of net losses would be offset by changes to interest cost. In future years the impact of discount rate changes could yield different sensitivities. See the Notes to the Consolidated Financial Statements for further information regarding pension plans.

Business Combinations - The accounting for business combinations requires estimates and judgments as to expectations for future cash flows of the acquired business and the allocation of those cash flows to identifiable intangible assets in determining the estimated fair values for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed, are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. If the actual results differ from the estimates and judgments used in these fair values, the amounts recorded in the consolidated financial statements could result in a possible impairment of the intangible assets and goodwill, or require acceleration of the amortization expense of finite-lived intangible assets.

Allocations of the purchase price for acquisitions are based on estimates of the fair value of the net assets acquired and are subject to adjustment upon finalization of the purchase price allocation. During this measurement period, the Company will adjust assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date that, if known, would have resulted in the recognition of those assets and liabilities as of that date. All changes that do not qualify as measurement period adjustments are included in current period earnings.

Recently Issued Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued accounting standard update ASU 2015-3, *Simplifying the Presentation of Debt Issuance Cost*. The standard is effective for annual and interim periods with those annual periods beginning after December 15, 2015. Early adoption is permitted and retrospective application will be required. We expect to adopt this standard in the quarter ending September 30, 2016. The Company does not expect that adoption of ASU 2015-3 to have a material impact to its consolidated results of operations.

In February 2015, the FASB issued ASU No. 2015-02, "*Consolidation (Topic 820) - Amendments to the Consolidation Analysis*." This update amends the current consolidation guidance for both the variable interest entity (VIE) and voting interest entity (VOE) consolidation models. The amendments in this ASU are effective, for fiscal

years and for interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted. The Company believes the adoption of this ASU will not have a material impact on its consolidated financial statements.

In January 2015, the FASB issued ASU No. 2015-01, “*Income Statement—Extraordinary and Unusual Items.*” This update eliminates from GAAP the concept of extraordinary items. ASU 2015-01 is effective for the first interim period within fiscal years beginning after December 15, 2015, with early adoption permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. A reporting entity may apply the amendments prospectively or retrospectively to all prior periods presented in the financial statements. The Company believes the adoption of this ASU will not have a material impact on its consolidated financial statements.

In June 2014, the FASB issued accounting standard update ASU 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period.* The update provides guidance on how to account for certain share-based payment awards where employees would be eligible to vest in the award regardless of whether the employee is still rendering service on the date the performance target is achieved. The standard is effective for annual and interim periods with those annual periods beginning after December 15, 2015. Early adoption is permitted. The Company does not expect the adoption of ASU 2014-12 to have a material impact to its consolidated results of operation.

In May 2014, the FASB and the International Accounting Standards Board jointly issued a comprehensive new revenue recognition standard, ASU 2014-09, *Revenue from Contract with Customers*, that will supersede nearly all existing revenue recognition guidance under US GAAP and IFRS. The standard’s primary principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The original standard was effective for fiscal years beginning after December 15, 2016; however, in July 2015, the FASB approved a one-year deferral of this standard, with a new effective date for fiscal years beginning after December 15, 2017. We expect to adopt this standard in the quarter ending September 30, 2018. The Company is continuing to evaluating the impact of adopting ASU 2014-09 on its consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

We are exposed to market risks from changes in interest rates, commodity prices and changes in foreign currency exchange. To reduce these risks, we selectively use, from time to time, financial instruments and other proactive management techniques. We have internal policies and procedures that place financial instruments under the direction of the Treasurer and restrict all derivative transactions to those intended for hedging purposes only. The use of financial instruments for trading purposes (except for certain investments in connection with the non-qualified defined contribution plan) or speculation is strictly prohibited. The Company has no majority-owned subsidiaries that are excluded from the consolidated financial statements. Further, we have no interests in or relationships with any special purpose entities.

Exchange Risk

We are exposed to both transactional risk and translation risk associated with exchange rates. The transactional risk is mitigated, in large part, by natural hedges developed with locally denominated debt service on intercompany accounts. We also mitigate certain of our foreign currency exchange rate risks by entering into forward foreign currency contracts from time to time. The contracts are used as a hedge against anticipated foreign cash flows, such as dividend payments, loan payments, and materials purchases, and are not used for trading or speculative purposes. The fair values of the forward foreign currency exchange contracts are sensitive to changes in foreign currency exchange rates, as an adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts. However, any such losses or gains would generally be offset by corresponding gains and losses, respectively, on the related hedged asset or liability. At June 30, 2015 and 2014, the fair value, in the aggregate, of the Company’s open foreign exchange contracts was an asset of \$0.7 million and a liability of \$1.2 million, respectively.

Our primary translation risk is with the Euro, British Pound Sterling, Peso, and Chinese Yuan. A hypothetical 10% appreciation or depreciation of the value of any these foreign currencies to the U.S. Dollar at June 30, 2015, would not result in a material change in our operations, financial position, or cash flows. We do not hedge our translation risk. As a result, fluctuations in currency exchange rates can affect our stockholders' equity.

Interest Rate

The Company's effective rate on variable-rate borrowings under the revolving credit agreement is 1.46% and 3.87% at June 30, 2015 and 2014, respectively. Our interest rate exposure is limited primarily to interest rate changes on our variable rate borrowings. From time to time, we will use interest rate swap agreements to modify our exposure to interest rate movements. We currently have \$35.0 million of active floating to fixed rate swaps with terms ranging from two to five years. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.63%. At June 30, 2015 and 2014, the fair value, in the aggregate, of the Company's interest rate swaps was a liability of \$0.6 million and a liability of \$1.1 million, respectively. Due to the impact of the swaps, an increase in interest rates would not materially impact our annual interest expense at June 30, 2015.

Concentration of Credit Risk

We have a diversified customer base. As such, the risk associated with concentration of credit risk is inherently minimized. As of June 30, 2015, no one customer accounted for more than 5% of our consolidated outstanding receivables or of our sales.

Commodity Prices

The Company is exposed to fluctuating market prices for all commodities used in its manufacturing processes. Each of our segments is subject to the effects of changing raw material costs caused by the underlying commodity price movements. In general, we do not enter into purchase contracts that extend beyond one operating cycle. While Standex considers our relationship with our suppliers to be good, there can be no assurances that we will not experience any supply shortage.

The Engineering Technologies, Food Service Equipment, Electronics, and Hydraulics Groups are all sensitive to price increases for steel products, other metal commodities and petroleum based products. In the past year, we have experienced price fluctuations for a number of materials including steel, copper wire, other metal commodities, refrigeration components and foam insulation. These materials are some of the key elements in the products manufactured in these segments. Wherever possible, we will implement price increases to offset the impact of changing prices. The ultimate acceptance of these price increases, if implemented, will be impacted by our affected divisions' respective competitors and the timing of their price increases.

Item 8. Financial Statements and Supplementary Data

Consolidated Balance Sheets

Standex International Corporation and Subsidiaries

As of June 30 (in thousands, except share data)

2015

2014

ASSETS

Current assets:

Cash and cash equivalents	\$	96,128	\$	74,260
Accounts receivable, net		110,478		107,674
Inventories		108,305		97,065
Prepaid expenses and other current assets		7,070		7,034
Income taxes receivable		747		922
Deferred tax asset		12,674		12,981
Total current assets		<u>335,402</u>		<u>299,936</u>

Property, plant, equipment, net		108,536		96,697
Intangible assets, net		38,048		31,490
Goodwill		154,732		125,965
Deferred tax asset		917		878
Other non-current assets		22,706		23,194
Total non-current assets		<u>324,939</u>		<u>278,224</u>

Total assets	\$	<u>660,341</u>	\$	<u>578,160</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$	80,764	\$	85,206
Accrued liabilities		47,742		51,038
Income taxes payable		10,285		4,926
Total current liabilities		<u>138,791</u>		<u>141,170</u>

Long-term debt		103,031		45,056
Deferred income taxes		7,368		10,853
Pension obligations		53,422		31,815
Other non-current liabilities		9,159		8,540
Total non-current liabilities		<u>172,980</u>		<u>96,264</u>

Commitments and Contingencies (Notes 11 and 12)

Stockholders' equity:

Common stock, par value \$1.50 per share - 60,000,000 shares authorized, 27,984,278 issued, 12,651,488 and 12,639,615 shares outstanding in 2015 and 2014		41,976		41,976
Additional paid-in capital		47,254		43,388
Retained earnings		632,864		584,014
Accumulated other comprehensive loss		(93,017)		(55,819)
Treasury shares (15,332,790 shares in 2015 and 15,344,663 shares in 2014)		(280,507)		(272,833)
Total stockholders' equity		<u>348,570</u>		<u>340,726</u>

Total liabilities and stockholders' equity	\$	<u>660,341</u>	\$	<u>578,160</u>
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See notes to consolidated financial statements.

Consolidated Statements of Operations

Standex International Corporation and Subsidiaries For the Years Ended June 30

(in thousands, except per share data)

	2015	2014	2013
Net sales	\$ 772,142	\$ 716,180	\$ 673,390
Cost of sales	524,656	477,911	455,199
Gross profit	<u>247,486</u>	<u>238,269</u>	<u>218,191</u>
Selling, general and administrative	165,837	165,786	153,630
Restructuring costs	3,443	10,077	2,666
Other operating (income) expense, net	(438)	(3,462)	-
Income from operations	<u>78,644</u>	<u>65,868</u>	<u>61,895</u>
Interest expense	3,161	2,249	2,469
Other, net	(634)	(4,184)	128
Total	<u>2,527</u>	<u>(1,935)</u>	<u>2,597</u>
Income from continuing operations before income taxes	76,117	67,803	59,298
Provision for income taxes	20,874	18,054	15,244
Income from continuing operations	<u>55,243</u>	<u>49,749</u>	<u>44,054</u>
Income (loss) from discontinued operations, net of tax	<u>(500)</u>	<u>(6,883)</u>	<u>794</u>
Net income	<u>\$ 54,743</u>	<u>\$ 42,866</u>	<u>\$ 44,848</u>
<i>Basic earnings per share:</i>			
Income (loss) from continuing operations	\$ 4.37	\$ 3.94	\$ 3.51
Income (loss) from discontinued operations	(0.04)	(0.55)	0.06
Total	<u>\$ 4.33</u>	<u>\$ 3.39</u>	<u>\$ 3.57</u>
<i>Diluted earnings per share:</i>			
Income (loss) from continuing operations	\$ 4.31	\$ 3.89	\$ 3.45
Income (loss) from discontinued operations	(0.04)	(0.54)	0.06
Total	<u>\$ 4.27</u>	<u>\$ 3.35</u>	<u>\$ 3.51</u>

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Standex International Corporation and Subsidiaries

For the Years Ended June 30 (in thousands)

	2015	2014	2013
Net income (loss)	\$ 54,743	\$ 42,866	\$ 44,848
Other comprehensive income (loss):			
Defined benefit pension plans:			
Actuarial gains (losses) and other changes in unrecognized costs	\$ (27,344)	\$ (604)	\$ 12,640
Amortization of unrecognized costs	4,690	4,855	8,701
Derivative instruments:			
Change in unrealized gains and (losses)	(687)	(194)	(195)
Amortization of unrealized gains and (losses) into interest expense	1,034	1,031	1,050
Foreign currency translation gains (losses)	(23,133)	6,055	(4,025)
Other comprehensive income (loss) before tax	\$ (45,440)	\$ 11,143	\$ 18,171
Income tax (provision) benefit:			
Defined benefit pension plans:			
Actuarial gains (losses) and other changes in unrecognized costs	\$ 10,045	\$ 362	\$ (4,836)
Amortization of unrecognized costs	(1,671)	(1,724)	(3,165)
Derivative instruments:			
Change in unrealized gains and (losses)	262	74	75
Amortization of unrealized gains and (losses) into interest expense	(394)	(394)	(400)
Income tax (provision) benefit to other comprehensive income (loss)	\$ 8,242	\$ (1,682)	\$ (8,326)
Other comprehensive income (loss), net of tax	(37,198)	9,461	9,845
Comprehensive income (loss)	\$ 17,545	\$ 52,327	\$ 54,693

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Standex International Corporation and Subsidiaries

For the Years Ended June 30 (in thousands, except as specified)	Additional		Retained Earnings	Accumulated	Treasure Stock		Total Stockholders' Equity
	Common Stock	Paid-in Capital		Other Comprehensive Income (Loss)	Shares	Amount	
Balance, June 30, 2012	\$ 41,976	\$ 34,928	\$ 505,163	\$ (75,125)	15,461	\$ (264,035)	\$ 242,907
Stock issued for employee stock option and purchase plans, including related income tax benefit and other		(1,072)			(210)	3,606	2,534
Stock-based compensation		3,343					3,343
Treasury stock acquired					184	(8,509)	(8,509)
Comprehensive income:							
Net Income			44,848				44,848
Foreign currency translation adjustment				(4,025)			(4,025)
Pension and OPEB adjustments, net of tax of (\$8.0) million				13,340			13,340
Change in fair value of derivatives, net of tax of (\$0.3) million				530			530
Dividends paid (\$.31 per share)			(3,980)				(3,980)
Balance, June 30, 2013	\$ 41,976	\$ 37,199	\$ 546,031	\$ (65,280)	15,435	\$ (268,938)	\$ 290,988
Stock issued for employee stock option and purchase plans, including related income tax benefit and other		(441)			(222)	3,895	3,454
Stock-based compensation		6,630					6,630
Treasury stock acquired					132	(7,790)	(7,790)
Comprehensive income:							
Net Income			42,866				42,866
Foreign currency translation adjustment				6,055			6,055
Pension and OPEB adjustments, net of tax of (\$1.3) million				2,889			2,889
Change in fair value of derivatives, net of tax of (\$0.3) million				517			517
Dividends paid (\$.38 per share)			(4,883)				(4,883)
Balance, June 30, 2014	\$ 41,976	\$ 43,388	\$ 584,014	\$ (55,819)	15,345	\$ (272,833)	\$ 340,726
Stock issued for employee stock option and purchase plans, including related income tax benefit and other		102			(150)	2,682	2,784
Stock-based compensation		3,764					3,764
Treasury stock acquired					138	(10,356)	(10,356)
Comprehensive income:							
Net Income			54,743				54,743
Foreign currency translation adjustment				(23,133)			(23,133)
Pension and OPEB adjustments, net of tax of \$8.4 million				(14,280)			(14,280)
Change in fair value of derivatives, net of tax of (\$0.2) million				215			215

Dividends paid (\$.46 per share)				(5,893)				(5,893)					
Balance, June 30, 2015	\$	41,976	\$	47,254	\$	632,864	\$	(93,017)	15,333	\$	(280,507)	\$	348,570

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Standex International Corporation and Subsidiaries For the Years Ended June 30 (in thousands)

	2015	2014	2013
Cash Flows from Operating Activities			
Net income	\$ 54,743	\$ 42,866	\$ 44,848
Income (loss) from discontinued operations	(500)	(6,883)	794
Income (loss) from continuing operations	55,243	49,749	44,054
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	16,684	14,591	15,235
Stock-based compensation	3,764	6,630	3,343
Deferred income taxes	(249)	(3,343)	(2,416)
Non-cash portion of restructuring charge	(171)	5,982	(31)
Excess tax benefit from share-based payment activity	(2,088)	(1,650)	(1,990)
Disposal of real estate and equipment	-	925	-
Life insurance benefit	-	(3,353)	-
Increase/(decrease) in cash from changes in assets and liabilities, net of effects from discontinued operations and business acquisitions:			
Accounts receivables, net	(5,564)	(6,614)	4,335
Inventories	(6,073)	(10,041)	656
Contributions to defined benefit plans	(1,484)	(1,527)	(4,578)
Prepaid expenses and other	4,619	(6,388)	(2,889)
Accounts payable	(3,657)	15,166	3,414
Accrued payroll, employee benefits and other liabilities	(4,334)	6,192	2,372
Income taxes payable	9,477	5,673	2,700
Net cash provided by operating activities from continuing operations	66,167	71,992	64,205
Net cash used for operating activities from discontinued operations	(2,128)	(1,693)	(4,024)
Net cash provided by operating activities	64,039	70,299	60,181
Cash Flows from Investing Activities			
Expenditures for capital assets	(22,561)	(18,832)	(14,104)
Expenditures for acquisitions, net of cash acquired	(57,149)	(23,075)	(39,613)
Expenditures for executive life insurance policies	(408)	(444)	(435)
Proceeds withdrawn from life insurance policies	-	3,654	1,480
Proceeds from sale of real estate and equipment	66	118	28
Other investing activity	1,536	2,964	-
Net cash provided by (used for) investing activities from continuing operations	(78,516)	(35,615)	(52,644)
Net cash provided by (used for) investing activities from discontinued operations	-	2,452	(43)
Net cash provided by (used for) investing activities	(78,516)	(33,163)	(52,687)
Cash Flows from Financing Activities			
Proceeds from borrowings	274,700	71,000	121,000
Payments of debt	(216,700)	(76,000)	(121,785)
Stock issued under employee stock option and purchase plans	696	1,098	279
Excess tax benefit associated with stock option exercises	2,088	1,650	1,990
Cash dividends paid	(5,820)	(4,793)	(3,891)
Purchase of treasury stock	(10,356)	(7,790)	(8,509)
Net cash provided by (used for) financing activities	44,608	(14,835)	(10,916)
Effect of exchange rate changes on cash	(8,263)	895	(263)

Net change in cash and cash equivalents	21,868	23,196	(3,685)
Cash and cash equivalents at beginning of year	74,260	51,064	54,749
Cash and cash equivalents at end of year	<u>\$ 96,128</u>	<u>\$ 74,260</u>	<u>\$ 51,064</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for:			
Interest	\$ 2,547	\$ 1,834	\$ 2,193
Income taxes, net of refunds	\$ 12,891	\$ 14,048	\$ 14,018

See notes to consolidated financial statements.

STANDEX INTERNATIONAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

Basis of Presentation and Consolidation

Standex International Corporation (“Standex” or the “Company”) is a diversified manufacturing company with operations in the United States, Europe, Asia, Africa, and Latin America. The accompanying consolidated financial statements include the accounts of Standex International Corporation and its subsidiaries and are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All intercompany accounts and transactions have been eliminated in consolidation.

The Company considers events or transactions that occur after the balance sheet date, but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. We evaluated subsequent events through the date and time our consolidated financial statements were issued.

Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and for the period then ended. Estimates are based on historical experience, actuarial estimates, current conditions and various other assumptions that are believed to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities when they are not readily apparent from other sources. These estimates assist in the identification and assessment of the accounting treatment necessary with respect to commitments and contingencies. Actual results may differ from these estimates under different assumptions or conditions.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased with a maturity of three months or less. These investments are carried at cost, which approximates fair value. At June 30, 2015 and 2014, the Company’s cash was comprised solely of cash on deposit.

Trading Securities

The Company purchases investments in connection with the KEYSOP Plan for certain retired executives and for its non-qualified defined contribution plan for employees who exceed certain thresholds under our traditional 401(k) plan. These investments are classified as trading and reported at fair value. The investments generally consist of mutual funds, are included in other non-current assets and amounted to \$2.3 million and \$3.1 million at June 30, 2015 and 2014, respectively. Gains and losses on these investments are recorded as other non-operating income (expense), net in the Consolidated Statements of Operations.

Accounts Receivable Allowances

The Company has provided an allowance for doubtful accounts reserve which represents the best estimate of probable loss inherent in the Company’s account receivables portfolio. This estimate is derived from the Company’s knowledge of its end markets, customer base, products, and historical experience.

The changes in the allowances for uncollectible accounts during 2015, 2014, and 2013 were as follows (in thousands):

	2015	2014	2013
Balance at beginning of year	\$ 2,282	\$ 2,325	\$ 1,974
Acquisitions and other	4	93	190
Provision charged to expense	496	375	268
Write-offs, net of recoveries	(556)	(511)	(107)
Balance at end of year	<u>\$ 2,226</u>	<u>\$ 2,282</u>	<u>\$ 2,325</u>

Inventories

Inventories are stated at the lower of (first-in, first-out) cost or market.

Long-Lived Assets

Long-lived assets that are used in operations, excluding goodwill and identifiable intangible assets, are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Recognition and measurement of a potential impairment loss is performed on assets grouped with other assets and liabilities at the lowest level where identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment loss is the amount by which the carrying amount of a long-lived asset (asset group) exceeds its estimated fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

Property, Plant and Equipment

Property, plant and equipment are reported at cost less accumulated depreciation. Depreciation is recorded on assets over their estimated useful lives, generally using the straight-line method. Lives for property, plant and equipment are as follows:

Buildings	40 to 50 years
Leasehold improvements	Lesser of useful life or term, unless renewals are deemed to be reasonably assured
Machinery and equipment	8 to 15 years
Furniture and Fixtures	3 to 10 years
Computer hardware and software	3 to 7 years

Routine maintenance costs are expensed as incurred. Major improvements are capitalized. Major improvements to leased buildings are capitalized as leasehold improvements and depreciated over the lesser of the lease term or the life of the improvement.

Routine maintenance costs are expensed as incurred. Major improvements are capitalized. Major improvements to leased buildings are capitalized as leasehold improvements and depreciated over the lesser of the lease term or the life of the improvement.

Amortization of computer hardware and software of \$0.5 million, \$0.4 million, and \$0.4 million is included as a component of long-term assets for the years ended June 30, 2015, 2014, and 2013 respectively.

Goodwill and Identifiable Intangible Assets

All business combinations are accounted for using the acquisition method. Goodwill and identifiable intangible assets with indefinite lives, are not amortized, but are reviewed annually for impairment or more frequently if impairment indicators arise. Identifiable intangible assets that are not deemed to have indefinite lives are amortized on an accelerated basis over the following useful lives:

Customer relationships	5 to 16 years
Patents	12 years
Non-compete agreements	5 to 10 years
Other	10 years
Trade names	Indefinite life

See discussion of the Company's assessment of impairment in Note 5 – Goodwill, and Note 6 – Intangible Assets.

Fair Value of Financial Instruments

The financial instruments, shown below, are presented at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. When observable prices or inputs are not available, valuation models may be applied.

Assets and liabilities recorded at fair value in the consolidated balance sheet are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Hierarchical levels directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities and the methodologies used in valuation are as follows:

Level 1 – Quoted prices in active markets for identical assets and liabilities. The Company's deferred compensation plan assets consist of shares in various mutual funds (for the deferred compensation plan, investments are participant-directed) which invest in a broad portfolio of debt and equity securities. These assets are valued based on publicly quoted market prices for the funds' shares as of the balance sheet dates. For pension assets (see Note 17 – Employee Benefit Plans), securities are valued based on quoted market prices for securities held directly by the trust.

Level 2 – Inputs, other than quoted prices in an active market, that are observable either directly or indirectly through correlation with market data. For foreign exchange forward contracts and interest rate swaps, the Company values the instruments based on the market price of instruments with similar terms, which are based on spot and forward rates as of the balance sheet dates. For pension assets held in commingled funds (see Note 17 – Employee Benefit Plans) the Company values investments based on the net asset value of the funds, which are derived from the quoted market prices of the underlying fund holdings. The Company has considered the creditworthiness of counterparties in valuing all assets and liabilities.

Level 3– Unobservable inputs based upon the Company's best estimate of what market participants would use in pricing the asset or liability.

We did not have any transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy at June 30, 2015 and 2014.

Cash and cash equivalents, accounts receivable, and accounts payable are carried at cost, which approximates fair value.

The fair values of our financial instruments at June 30, 2015 and 2014 were (in thousands):

	2015			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Marketable securities - deferred compensation plan	\$ 2,324	\$ 2,324	\$ -	\$ -
Foreign Exchange contracts	844	-	844	-
Financial Liabilities				
Foreign Exchange contracts	\$ 193	\$ -	\$ 193	\$ -
Interest rate swaps	551	-	551	-
	2014			
	Total	Level 1	Level 2	Level 3
Financial Assets				
Marketable securities - deferred compensation plan	\$ 3,114	\$ 3,114	\$ -	\$ -
Foreign Exchange contracts	356	-	356	-
Financial Liabilities				
Foreign Exchange contracts	\$ 1,552	\$ -	\$ 1,552	\$ -
Interest rate swaps	1,061	-	1,061	-

Concentration of Credit Risk

The Company is subject to credit risk through trade receivables and short-term cash investments. Concentration of risk with respect to trade receivables is minimized because of the diversification of our operations, as well as our large customer base and our geographical dispersion. No individual customer accounts for more than 5% of revenues or accounts receivable in the periods presented.

Short-term cash investments are placed with high credit-quality financial institutions. The Company monitors the amount of credit exposure in any one institution or type of investment instrument.

Revenue Recognition

The Company's product sales are recorded when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable, and collectability is reasonably assured. For products that include installation, and if the installation meets the criteria to be considered a separate element, product revenue is recognized upon delivery, and installation revenue is recognized when the installation is complete. Revenues under certain fixed price contracts are generally recorded when deliveries are made.

Sales and estimated profits under certain long-term contracts are recognized under the percentage-of-completion methods of accounting, whereby profits are recorded pro rata, based upon current estimates of costs to complete such contracts. Losses on contracts are provided for in the period in which the losses become determinable. Revisions in profit estimates are reflected on a cumulative basis in the period in which the basis for such revision becomes known. Any excess of the billings over cost and estimated earnings on long-term contracts is included in deferred revenue.

Cost of Goods Sold and Selling, General and Administrative Expenses

The Company includes expenses in either cost of goods sold or selling, general and administrative categories based upon the natural classification of the expenses. Cost of goods sold includes expenses associated with the acquisition, inspection, manufacturing and receiving of materials for use in the manufacturing process. These costs include inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs, internal transfer costs as

well as depreciation, amortization, wages, benefits and other costs that are incurred directly or indirectly to support the manufacturing process. Selling, general and administrative includes expenses associated with the distribution of our products, sales effort, administration costs and other costs that are not incurred to support the manufacturing process. The Company records distribution costs associated with the sale of inventory as a component of selling, general and administrative expenses in the Consolidated Statements of Operations. These expenses include warehousing costs, outbound freight charges and costs associated with distribution personnel. Our gross profit margins may not be comparable to those of other entities due to different classifications of costs and expenses.

Our total advertising expenses, which are classified under selling, general, and administrative expenses are primarily related to trade shows, and totaled \$5.0 million, \$4.6 million, and \$4.6 million for the years ended June 30, 2015, 2014, and 2013, respectively.

Research and Development

Research and development expenditures are expensed as incurred. Total research and development costs, which are classified under selling, general, and administrative expenses, were \$4.1 million, \$4.8 million, and \$4.4 million for the years ended June 30, 2015, 2014, and 2013, respectively.

Warranties

The expected cost associated with warranty obligations on our products is recorded when the revenue is recognized. The Company's estimate of warranty cost is based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Since warranty estimates are forecasts based on the best available information, claims costs may differ from amounts provided. Adjustments to initial obligations for warranties are made as changes in the obligations become reasonably estimable.

The changes in continuing operations warranty reserve, which are recorded as accrued liabilities, during 2015, 2014, and 2013 were as follows (in thousands):

	2015	2014	2013
Balance at beginning of year	\$ 6,941	\$ 6,782	\$ 5,767
Acquisitions	3	274	795
Warranty expense	11,086	3,937	4,282
Warranty claims	(10,594)	(4,052)	(4,062)
Balance at end of year	<u>\$ 7,436</u>	<u>\$ 6,941</u>	<u>\$ 6,782</u>

Stock-Based Compensation Plans

Restricted stock awards generally vest over a three-year period. Compensation expense associated with these awards is recorded based on their grant-date fair values and is generally recognized on a straight-line basis over the vesting period except for awards with performance conditions, which are recognized on a graded vesting schedule. Compensation cost for an award with a performance condition is based on the probable outcome of that performance condition. The stated vesting period is considered non-substantive for retirement eligible participants. Accordingly, the Company recognizes any remaining unrecognized compensation expense upon participant reaching retirement eligibility.

Foreign Currency Translation

The functional currency of our non-U.S. operations is generally the local currency. Assets and liabilities of non-U.S. operations are translated into U.S. Dollars on a monthly basis using period-end exchange rates. Revenues and expenses of these operations are translated using average exchange rates. The resulting translation adjustment is reported as a component of comprehensive income (loss) in the consolidated statements of stockholders' equity and comprehensive income. Gains and losses from foreign currency transactions are included in results of operations and were not material for any period presented.

Derivative Instruments and Hedging Activities

The Company recognizes all derivatives on its balance sheet at fair value.

Forward foreign currency exchange contracts are periodically used to limit the impact of currency fluctuations on certain anticipated foreign cash flows, such as foreign purchases of materials and loan payments from subsidiaries. The Company enters into such contracts for hedging purposes only. For hedges of intercompany loan payments, the Company records derivative gains and losses directly to the statement of operations due to the general short-term nature and predictability of the transactions.

The Company also uses interest rate swaps to manage exposure to interest rates on the Company's variable rate indebtedness. The Company values the swaps based on contract prices in the derivatives market for similar instruments. The Company has designated the swaps as cash flow hedges, and changes in the fair value of the swaps are recognized in other comprehensive income (loss) until the hedged items are recognized in earnings. Hedge ineffectiveness, if any, associated with the swaps will be reported by the Company in interest expense.

The Company does not hold or issue derivative instruments for trading purposes.

Income Taxes

Deferred assets and liabilities are recorded for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the differences between the financial statements and the tax bases of assets and liabilities using enacted tax rates. Valuation allowances are provided when the Company does not believe it more likely than not the benefit of identified tax assets will be realized.

The Company provides reserves for potential payments of tax to various tax authorities related to uncertain tax positions and other issues. The Company accounts for uncertain tax positions based on a determination of whether and how much of a tax benefit taken by the Company in its tax filings or positions is more likely than not to be realized following resolution of any potential contingencies present related to the tax benefit, assuming that the matter in question will be raised by the tax authorities. Interest and penalties associated with such uncertain tax positions are recorded as a component of income tax expense.

Earnings Per Share

(share amounts in thousands)	2015	2014	2013
Basic – Average Shares Outstanding	12,655	12,613	12,561
Effect of Dilutive Securities – Stock Options and Restricted Stock Awards	150	165	219
Diluted – Average Shares Outstanding	<u>12,805</u>	<u>12,778</u>	<u>12,780</u>

Both basic and dilutive income is the same for computing earnings per share. There were no outstanding instruments that had an anti-dilutive effect at June 30, 2015, 2014 and 2013.

Recently Issued Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (“FASB”) issued accounting standard update ASU 2015-3, *Simplifying the Presentation of Debt Issuance Cost*. The standard is effective for annual and interim periods with those annual periods beginning after December 15, 2015. Early adoption is permitted and retrospective application will be required. We expect to adopt this standard in the quarter ending September 30, 2016. The Company does not expect that adoption of ASU 2015-3 to have a material impact to its consolidated results of operations.

In February 2015, the FASB issued ASU No. 2015-02, “*Consolidation (Topic 820) - Amendments to the Consolidation Analysis*.” This update amends the current consolidation guidance for both the variable interest entity

(VIE) and voting interest entity (VOE) consolidation models. The amendments in this ASU are effective, for fiscal years and for interim periods within those fiscal years, beginning after December 15, 2015, with early adoption permitted. The Company believes the adoption of this ASU will not have a material impact on its consolidated financial statements.

In January 2015, the FASB issued ASU No. 2015-01, “*Income Statement—Extraordinary and Unusual Items.*” This update eliminates from GAAP the concept of extraordinary items. ASU 2015-01 is effective for the first interim period within fiscal years beginning after December 15, 2015, with early adoption permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. A reporting entity may apply the amendments prospectively or retrospectively to all prior periods presented in the financial statements. The Company believes the adoption of this ASU will not have a material impact on its consolidated financial statements.

In June 2014, the FASB issued accounting standard update ASU 2014-12, *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period.* The update provides guidance on how to account for certain share-based payment awards where employees would be eligible to vest in the award regardless of whether the employee is still rendering service on the date the performance target is achieved. The standard is effective for annual and interim periods with those annual periods beginning after December 15, 2015. Early adoption is permitted. The Company does not expect the adoption of ASU 2014-12 to have a material impact to its consolidated results of operation.

In May 2014, the FASB and the International Accounting Standards Board jointly issued a comprehensive new revenue recognition standard, ASU 2014-09, *Revenue from Contract with Customers*, that will supersede nearly all existing revenue recognition guidance under US GAAP and IFRS. The standard’s primary principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The original standard was effective for fiscal years beginning after December 15, 2016; however, in July 2015, the FASB approved a one-year deferral of this standard, with a new effective date for fiscal years beginning after December 15, 2017. We expect to adopt this standard in the quarter ending September 30, 2018. The Company is continuing to evaluate the impact of adopting ASU 2014-09 on its consolidated financial statements.

2. ACQUISITIONS

The Company’s recent acquisitions are strategically significant to the future growth prospects of the Company, however at the time of the acquisition and June 30, 2015, we concluded, that historical results of the acquired Companies both individually and in the aggregate, were immaterial to the Company’s consolidated financial results and therefore additional proforma disclosures are not presented.

On September 4, 2014, the Company acquired Enginetics Corporation (“Enginetics”), a leading producer of aircraft engine components for all major aircraft platforms. This investment complements our Engineering Technologies Group and allows us to provide broader solutions to the aviation market.

The Company paid \$55.0 million in cash for 100% of the outstanding stock of MPE Aeroengines Inc, of which Enginetics is a wholly owned subsidiary and has recorded intangible assets of \$10.6 million, consisting of \$9.1 million of customer relationships which are expected to be amortized over a period of fifteen years and \$1.5 million of trademarks which are indefinite-lived. Acquired goodwill of \$34.8 million is not deductible for income tax purposes due to the nature of the transaction. The Company finalized the purchase price allocation during the quarter end June 30, 2015.

The components of the fair value of the Enginetics acquisition, including final allocation of the purchase price and subsequent measurement period adjustments at June 30, 2015, are as follows (in thousands):

Enginetics	Preliminary Allocation	Adjustments	Final
Fair value of business combination:			
Cash payments	\$ 55,021	\$ -	\$ 55,021
Less: cash acquired	(113)	-	(113)
Total	<u>\$ 54,908</u>	<u>\$ -</u>	<u>\$ 54,908</u>
Identifiable assets acquired and liabilities assumed:			
Current Assets	\$ 12,350	\$ (216)	\$ 12,134
Property, plant, and equipment	8,881	(73)	8,808
Identifiable intangible assets	10,600	-	10,600
Goodwill	32,797	1,993	34,790
Other non-current assets	158	-	158
Liabilities assumed	(2,826)	(2,623)	(5,449)
Deferred taxes	(7,052)	919	(6,133)
Total	<u>\$ 54,908</u>	<u>\$ -</u>	<u>\$ 54,908</u>

On June 20, 2014, the Company acquired all of the outstanding stock of Ultrafryer Systems, Inc. (“Ultrafryer”), a producer of commercial deep fryers for restaurant and commercial installations. This investment complements our Food Service Equipment Group’s product line and allows us to provide broader solutions to restaurant chains and commercial food service installations.

The Company paid \$23.0 million in cash for 100% of the stock of Ultrafryer and has recorded intangible assets of \$7.6 million, consisting of \$2.4 million of trademarks which are indefinite-lived, \$4.9 million of customer relationships, and \$0.3 million of other intangible assets which are expected to be amortized over a period of fifteen and three to five years, respectively. Acquired goodwill of \$11.0 million is not deductible for income tax purposes due to the nature of the transaction.

The components of the fair value of the Ultrafryer acquisition, including final allocation of the purchase price and subsequent measurement periods adjustments, related to the purchase of land and building, at June 30, 2015, are as follows (in thousands):

Ultrafryer	Preliminary Allocation at June 30, 2014	Adjustments	Final
Fair value of business combination:			
Cash payments	\$ 20,745	\$ 2,241	\$ 22,986
Less: cash acquired	(20)	-	(20)
Total	<u>\$ 20,725</u>	<u>\$ 2,241</u>	<u>\$ 22,966</u>
Identifiable assets acquired and liabilities assumed:			
Current Assets	\$ 5,871	\$ 50	\$ 5,921
Property, plant, and equipment	1,259	2,100	3,359
Identifiable intangible assets	7,612	-	7,612
Goodwill	10,930	91	11,021
Liabilities assumed	(1,733)	-	(1,733)
Deferred taxes	(3,214)	-	(3,214)
Total	<u>\$ 20,725</u>	<u>\$ 2,241</u>	<u>\$ 22,966</u>

3. INVENTORIES

Inventories are comprised of (in thousands):

June 30	2015	2014
Raw materials	\$ 46,865	\$ 44,273
Work in process	29,165	24,551
Finished goods	32,275	28,241
Total	<u>\$ 108,305</u>	<u>\$ 97,065</u>

Distribution costs associated with the sale of inventory are recorded as a component of selling, general and administrative expenses and were \$23.3 million, \$20.8 million, and \$20.1 million in 2015, 2014, and 2013, respectively.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following (in thousands):

June 30	2015	2014
Land, buildings and leasehold improvements	\$ 71,517	\$ 78,596
Machinery, equipment and other	181,394	171,238
Total	252,911	249,834
Less accumulated depreciation	144,375	153,137
Property, plant and equipment - net	<u>\$ 108,536</u>	<u>\$ 96,697</u>

Depreciation expense for the years ended June 30, 2015, 2014, and 2013 totaled \$13.4 million, \$12.2 million, and \$12.7 million, respectively.

During the fourth quarter of fiscal year 2015, the Company classified land and buildings valued at \$1.9 million, net as available for sale within other current assets.

5. GOODWILL

Goodwill and certain indefinite-lived intangible assets are not amortized, but instead are tested for impairment at least annually and more frequently whenever events or changes in circumstances indicate that the fair value of the asset may be less than its carrying amount of the asset. The Company's annual test for impairment is performed using a May 31st measurement date.

The Company has identified our reporting units for impairment testing as its eleven operating segments, which are aggregated into five reporting segments as disclosed in Note 18 – Industry Segment Information.

As quoted market prices are not available for the Company's reporting units, the fair value of the reporting units is determined using a discounted cash flow model (income approach). This method uses various assumptions that are specific to each individual reporting unit in order to determine the fair value. In addition, the Company compares the estimated aggregate fair value of its reporting units to its overall market capitalization.

While the Company believes that estimates of future cash flows are reasonable, changes in assumptions could significantly affect valuations and result in impairments in the future. The most significant assumption involved in the Company's determination of fair value is the cash flow projections of each reporting unit. If the estimates of future cash flows for each reporting unit may be insufficient to support the carrying value of the reporting units, the Company will reassess its conclusions related to fair value and the recoverability of goodwill.

As a result of our annual assessment, the Company determined that the fair value of the reporting units and indefinite-lived intangible assets substantially exceeded their respective carrying values. Therefore, no impairment charges were recorded in connection with our assessments during 2015 and 2014.

Changes to goodwill during the years ended June 30, 2015 and 2014 are as follows (in thousands):

	2015	2014
Balance at beginning of year	\$ 143,904	\$ 129,844
Accumulated impairment losses	17,939	17,939
Balance at beginning of year, net	125,965	111,905
Acquisitions	34,881	12,132
Foreign currency translation	(6,114)	1,928
Balance at end of year	<u>\$ 154,732</u>	<u>\$ 125,965</u>

6. INTANGIBLE ASSETS

Intangible assets consist of the following (in thousands):

	Customer Relationships	Trademarks (Indefinite-lived)	Other	Total
June 30, 2015				
Cost	\$ 43,493	\$ 15,514	\$ 4,096	\$ 63,103
Accumulated amortization	(22,628)	-	(2,427)	(25,055)
Balance, June 30, 2015	<u>\$ 20,865</u>	<u>\$ 15,514</u>	<u>\$ 1,669</u>	<u>\$ 38,048</u>
June 30, 2014				
Cost	\$ 36,145	\$ 14,508	\$ 4,061	\$ 54,714
Accumulated amortization	(21,137)	-	(2,087)	(23,224)
Balance, June 30, 2014	<u>\$ 15,008</u>	<u>\$ 14,508</u>	<u>\$ 1,974</u>	<u>\$ 31,490</u>

Amortization expense from continuing operations for the years ended June 30, 2015, 2014, and 2013 totaled \$2.8 million, \$2.6 million, and \$2.6 million, respectively. At June 30, 2015, aggregate amortization expense is estimated to be \$3.1 million in fiscal 2016, \$3.1 million in fiscal 2017, \$2.9 million in fiscal 2018, \$2.7 million in fiscal 2019, \$2.3 million in fiscal 2020, and \$8.2 million thereafter.

7. DEBT

Long-term debt is comprised of the following at June 30 (in thousands):

	2015	2014
Bank credit agreements	\$ 103,000	\$ 45,000
Other	31	56
Total long-term debt	<u>\$ 103,031</u>	<u>\$ 45,056</u>

Long-term debt is due as follows (in thousands):

2016	\$ 12
2017	12
2018	7
2019	-
2020	103,000
Thereafter	-

Bank Credit Agreements

During fiscal year 2015, the Company entered into an Amended and Restated Credit Agreement (“Credit Facility”, or “facility”). This five-year Credit Facility expires in December 2019 and has a borrowing limit of \$400 million, which can be increased by an amount of up to \$100 million, in accordance with specified conditions contained in the agreement. The facility also includes a \$10 million sublimit for swing line loans and a \$30 million sublimit for letters of credit. The facility amends and restates a previously existing \$225 million revolving credit agreement, which was scheduled to expire in January 2017.

Under the terms of the Credit Agreement, we will pay a variable rate of interest and a commitment fee on borrowed amounts as well as a commitment fee on unused amounts under the facility. The amount of the commitment fee will depend upon both the undrawn amount remaining available under the facility and the Company’s funded debt to EBITDA (as defined in the agreement) ratio at the last day of each quarter. As our funded debt to EBITDA ratio increases, the commitment fee will increase.

Funds borrowed under the facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio is maintained), and other general corporate purposes. As of June 30, 2015, the Company had the ability to borrow \$248.3 million under the facility based on our current EBITDA. The facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants which the Company was compliant with as of June 30, 2015. The Company’s current financial covenants under the facility are as follows:

Interest Coverage Ratio - The Company is required to maintain a ratio of Earnings Before Interest and Taxes, as Adjusted (“Adjusted EBIT per the Credit Agreement”), to interest expense for the trailing twelve months of at least 3.0:1. Adjusted EBIT per the Credit Agreement specifically excludes extraordinary and certain other defined items such as cash restructuring and acquisition-related charges up to \$7.5 million, and unlimited non-cash charges including gains or losses on sale of property and goodwill adjustments. At June 30, 2015, the Company’s Interest Coverage Ratio was 26.99:1.

Leverage Ratio - The Company’s ratio of funded debt to trailing twelve month Adjusted EBITDA per the credit agreement, calculated as Adjusted EBIT per the Credit Agreement plus depreciation and amortization, may not exceed 3.5:1. At June 30, 2015, the Company’s Leverage Ratio was 1.08:1.

As of June 30, 2015, we had borrowings under our facility of \$103.0 million and the effective rate of interest for outstanding borrowings under the facility was 1.46%. Our primary cash requirements in addition to day-to-day operating needs include interest payments, capital expenditures, and dividends. Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the facility.

In order to manage our interest rate exposure, we are party to \$35.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.63%.

Other Long-Term Borrowings

At June 30, 2015, and 2014, the Company had standby letter of credit sub-facility outstanding, primarily for insurance purposes of \$7.2 million and \$11.3 million, respectively.

8. ACCRUED LIABILITIES

Accrued expenses recorded in our Consolidated Balance Sheets at June 30, consist of the following (in thousands):

	2015	2014
Payroll and employee benefits	\$ 26,329	\$ 26,736
Workers' compensation	2,586	2,610
Warranty	8,066	7,401
Other	10,761	14,291
Total	<u>\$ 47,742</u>	<u>\$ 51,038</u>

9. DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps

In order to manage our interest rate exposure, we are party to \$35.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.63% at June 30, 2015.

The fair value of the swaps recognized in accrued liabilities and in other comprehensive income (loss) at June 30, 2015 and 2014 is as follows (in thousands):

Effective Date	Notional Amount	Fixed Interest Rate	Maturity	Fair Value at June 30,	
				2015	2014
June 1, 2010	\$ 5,000	2.495%	May 26, 2015	\$ -	\$ (108)
June 1, 2010	5,000	2.495%	May 26, 2015	-	(108)
June 4, 2010	10,000	2.395%	May 26, 2015	-	(206)
June 9, 2010	5,000	2.34%	May 26, 2015	-	(100)
June 18, 2010	5,000	2.38%	May 26, 2015	-	(103)
September 21, 2011	5,000	1.60%	September 22, 2014	-	(18)
March 15, 2012	10,000	2.75%	March 15, 2016	(186)	(418)
December 19, 2014	20,000	1.18%	December 19, 2017	(140)	-
December 19, 2014	5,000	1.20%	December 19, 2017	(36)	-
December 19, 2015	10,000	2.01%	December 19, 2019	(150)	-
December 18, 2015	15,000	1.46%	December 19, 2018	(39)	-
				<u>\$ (551)</u>	<u>\$ (1,061)</u>

The Company reported no losses for the years ended June 30, 2015, 2014, and 2013, as a result of hedge ineffectiveness. Future changes in these swap arrangements, including termination of the agreements, may result in a reclassification of any gain or loss reported in accumulated other comprehensive income (loss) into earnings as an adjustment to interest expense. Accumulated other comprehensive income (loss) related to these instruments is being amortized into interest expense concurrent with the hedged exposure.

Foreign Exchange Contracts

Forward foreign currency exchange contracts are used to limit the impact of currency fluctuations on certain anticipated foreign cash flows, such as foreign purchases of materials and loan payments to and from subsidiaries. The Company enters into such contracts for hedging purposes only. For hedges of intercompany loan payments, the Company has not elected hedge accounting due to the general short-term nature and predictability of the transactions, and records derivative gains and losses directly to the consolidated statement of operations. At June 30, 2015 and 2014 the Company had outstanding forward contracts related to hedges of intercompany loans with net unrealized gain / (losses) of \$0.7 million and (\$1.2) million, respectively, which approximate the unrealized gains or losses on the related loans. The contracts have maturity dates ranging from 2016-2019, which correspond to the related intercompany loans. The notional amounts of these instruments, by currency, are as follows:

Currency	2015	2014
Euro	10,134,797	24,289,064
Canadian Dollar	-	3,600,000
Pound Sterling	1,730,542	3,975,192

The table below presents the fair value of derivative financial instruments as well as their classification on the balance sheet at June 30, (in thousands):

		Asset Derivatives			
		2015		2014	
Derivative designated as hedging instruments	Balance Sheet	Fair Value		Balance Sheet	Fair Value
	Line Item			Line Item	
Foreign exchange contracts	Other Assets	\$	844	Other Assets	\$ 356

		Liability Derivatives			
		2015		2014	
Derivative designated as hedging instruments	Balance Sheet	Fair Value		Balance Sheet	Fair Value
	Line Item			Line Item	
Interest rate swaps	Accrued Liabilities	\$	551	Accrued Liabilities	\$ 1,061
Foreign exchange contracts	Accrued Liabilities		193	Accrued Liabilities	1,552
		\$	744		\$ 2,613

The table below presents the amount of gain (loss) recognized in comprehensive income on our derivative financial instruments (effective portion) designated as hedging instruments and their classification within comprehensive income for the periods ended (in thousands):

	2015	2014	2013
Interest rate swaps	\$ (533)	\$ (194)	\$ (195)
Foreign exchange contracts	(154)	-	-
	<u>\$ (687)</u>	<u>\$ (194)</u>	<u>\$ (195)</u>

The table below presents the amount reclassified from accumulated other comprehensive income (loss) to Net Income for the periods ended (in thousands):

Details about Accumulated Other Comprehensive Income (Loss) Components	2015	2014	2013	Affected line item in the Statements of Operations
Interest rate swaps	\$ 1,034	\$ 1,031	\$ 1,050	Interest expense
Foreign exchange contracts	-	-	-	Cost of goods sold
	<u>\$ 1,034</u>	<u>\$ 1,031</u>	<u>\$ 1,050</u>	

10. INCOME TAXES

The components of income from continuing operations before income taxes are as follows (in thousands):

	2015	2014	2013
U.S. Operations	\$ 33,161	\$ 26,965	\$ 35,805
Non-U.S. Operations	42,956	40,838	23,493
Total	<u>\$ 76,117</u>	<u>\$ 67,803</u>	<u>\$ 59,298</u>

The Company utilizes the asset and liability method of accounting for income taxes. Deferred income taxes are determined based on the estimated future tax effects of differences between the financial and tax bases of assets and liabilities given the provisions of the enacted tax laws. The components of the provision for income taxes on continuing operations are shown below (in thousands):

	2015	2014	2013
Current:			
Federal	\$ 9,195	\$ 9,653	\$ 9,099
State	556	415	1,382
Non-U.S.	11,372	11,329	7,179
Total Current	<u>21,123</u>	<u>21,397</u>	<u>17,660</u>
Deferred:			
Federal	\$ 556	\$ (2,017)	\$ (454)
State	(495)	(376)	18
Non-U.S.	(310)	(950)	(1,980)
Total Deferred	<u>(249)</u>	<u>(3,343)</u>	<u>(2,416)</u>
Total	<u>\$ 20,874</u>	<u>\$ 18,054</u>	<u>\$ 15,244</u>

The following is a reconciliation from the U.S. Federal income tax rate on continuing operations to the total tax provision is as follows (in thousands):

	2015	2014	2013
Provision at statutory tax rate	35.0%	35.0%	35.0%
State taxes	0.1%	0.0%	1.5%
Impact of foreign operations	-5.0%	-5.6%	-6.5%
Federal tax credits	-1.2%	-0.7%	-2.2%
Life insurance proceeds	0.0%	-1.7%	0.0%
Other	-1.5%	-0.4%	-2.1%
Effective income tax provision	<u>27.4%</u>	<u>26.6%</u>	<u>25.7%</u>

Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, size of the Company's income or loss and any one-time activities occurring during the period.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2015 was impacted by the following items: (i) a benefit of \$0.5 million related to the R&D tax credit that expired during the fiscal year on December 31, and (ii) a benefit of \$4.0 million due to the mix of income earned in jurisdictions with beneficial tax rates.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2014 was impacted by the following items: (i) a benefit of \$0.5 million related to the R&D tax credit that expired during the fiscal year on December 31, (ii) a benefit of \$0.5 million related to a decrease in the statutory tax rate in the United Kingdom on

prior period deferred tax liabilities recorded during the first quarter during the fiscal year, (iii) a benefit of \$1.1 million due to non-taxable life insurance proceeds received in the third quarter and (iv) a benefit of \$3.8 million due to the mix of income earned in jurisdictions with beneficial tax rates.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2013 was impacted by the following items: (i) a benefit of \$0.4 million related to the retroactive extension of the R&D credit recorded during the third quarter, (ii) a benefit of \$0.3 million related to a decrease in the statutory tax rate in the United Kingdom on prior period deferred tax liabilities recorded during the first and fourth quarters, (iii) a benefit of \$1.0 million from the reversal of a deferred tax liability that was determined to be no longer required during the third quarter and (iv) a benefit of \$2.8 million due to the mix of income earned in jurisdictions with beneficial tax rates.

Significant components of the Company's deferred income taxes are as follows (in thousands):

	2015	2014
Deferred tax liabilities:		
Depreciation and amortization	\$ (31,126)	\$ (20,934)
Total deferred tax liability	\$ (31,126)	\$ (20,934)
Deferred tax assets:		
Accrued compensation	\$ 3,911	\$ 4,463
Accrued expenses and reserves	6,680	3,040
Pension	19,624	10,975
Inventory	2,066	1,549
Other	1,741	758
Net operating loss and credit carry forwards	3,983	3,685
Total deferred tax asset	\$ 38,005	\$ 24,470
Less: Valuation allowance	(656)	(530)
Net deferred tax asset (liability)	\$ 6,223	\$ 3,006

The Company estimates the degree to which deferred tax assets, including net operating loss and credit carry forwards will result in a benefit based on expected profitability by tax jurisdiction and provides a valuation allowance for tax assets and loss carry forwards that it believes will more likely than not go unrealized. The valuation allowance at June 30, 2015 applies to state and foreign loss carry forwards, which management has concluded that it is more likely than not that these tax benefits will not be realized. The increase (decrease) in the valuation allowance from the prior year was \$0.12 million, less than \$0.1 million, and (\$0.3) million in 2015, 2014, and 2013, respectively.

As of June 30, 2015, the Company had gross state net operating loss ("NOL") and credit carry forwards of approximately \$43.3 million and \$2.2 million, respectively, which may be available to offset future state income tax liabilities and expire at various dates from 2015 through 2034. In addition, the Company had foreign NOL carry forwards of approximately \$2.7 million, \$1.7 million of which carry forward indefinitely and \$1.0 million that carry forward for 10 years.

The Company's income taxes currently payable for federal and state purposes have been reduced by the benefit of the tax deduction in excess of recognized compensation cost from employee stock compensation transactions. The provision for income taxes that is currently payable has not been adjusted by approximately \$2.1 million and \$1.7 million of such benefits of the Company that have been allocated to additional paid in capital in 2015 and 2014, respectively.

A provision has not been made for U.S. or additional non-U.S. taxes on \$160.2 million of undistributed earnings of international subsidiaries that could be subject to taxation if remitted to the U.S. It is not practicable to estimate the amount of tax that might be payable on the remaining undistributed earnings. Our intention is to reinvest these earnings permanently or to repatriate the earnings only when it is tax effective to do so. Accordingly, we believe that U.S. tax on any earnings that might be repatriated would be partially offset by U.S. foreign tax credits.

The total provision for income taxes included in the consolidated financial statements was as follows (in thousands):

	2015	2014	2013
Continuing operations	\$ 20,874	\$ 18,054	\$ 15,244
Discontinued operations	(259)	(3,692)	482
	<u>\$ 20,615</u>	<u>\$ 14,362</u>	<u>\$ 15,726</u>

The changes in the amount of gross unrecognized tax benefits during 2015, 2014 and 2013 were as follows (in thousands):

	2015	2014	2013
Beginning Balance	\$ 1,033	\$ 1,286	\$ 1,298
Additions based on tax positions related to the current year	17	25	77
Additions for tax positions of prior years	4	-	19
Reductions for tax positions of prior years	-	(278)	(108)
Ending Balance	<u>\$ 1,054</u>	<u>\$ 1,033</u>	<u>\$ 1,286</u>

If the unrecognized tax benefits in the table above were recognized in a future period, \$0.6 million of the unrecognized tax benefit would impact the Company's effective tax rate.

Within the next twelve months, the statute of limitations will close in various U.S., state and non-U.S. jurisdictions. As a result, it is reasonably expected that net unrecognized tax benefits from these various jurisdictions would be recognized within the next twelve months. The recognition of these tax benefits is not expected to have a material impact to the Company's financial statements. The Company does not reasonably expect any other significant changes in the next twelve months. The following tax years, in the major tax jurisdictions noted, are open for assessment or refund:

Country	Years Ending June 30,
United States	2012 to 2015
Canada	2012 to 2015
Germany	2012 to 2015
Ireland	2012 to 2015
Portugal	2012 to 2015
United Kingdom	2012 to 2015

The Company's policy is to include interest expense and penalties related to unrecognized tax benefits within the provision for income taxes on the consolidated statements of operations. At both June 30, 2015 and June 30, 2014, the Company had less than \$0.1 million for accrued interest expense on unrecognized tax benefits.

11. COMMITMENTS

The Company leases certain property and equipment under agreements with initial terms ranging from one to twenty years. Rental expense related to continuing operations for the years ended June 30, 2015, 2014, and 2013 was approximately \$6.1 million, \$5.5 million and \$4.9 million, respectively.

The gross minimum annual rental commitments under non-cancelable operating leases, principally real-estate at June 30, 2015:

<u>(in thousands)</u>	<u>Lease</u>	<u>Sublease</u>	<u>Net obligation</u>
2016	\$ 6,996	\$ 378	\$ 6,618
2017	5,464	364	5,100
2018	3,715	87	3,628
2019	2,854	-	2,854
2020	2,201	-	2,201
Thereafter	8,247	-	8,247

12. CONTINGENCIES

From time to time, the Company is subject to various claims and legal proceedings, including claims related to environmental remediation, either asserted or unasserted, that arise in the ordinary course of business. While the outcome of these proceedings and claims cannot be predicted with certainty, the Company's management does not believe that the outcome of any of the currently existing legal matters will have a material impact on the Company's consolidated financial position, results of operations or cash flow. The Company accrues for losses related to a claim or litigation when the Company's management considers a potential loss probable and can reasonably estimate such potential loss.

13. STOCK-BASED COMPENSATION AND PURCHASE PLANS

Stock-Based Compensation Plans

Under incentive compensation plans, the Company is authorized to make grants of stock options, restricted stock and performance share units to provide equity incentive compensation to key employees and directors. In fiscal 2005, the Company began granting stock awards instead of stock options. The stock award program offers employees and directors the opportunity to earn shares of our stock over time, rather than options that give the employees and directors the right to purchase stock at a set price. The Company has stock plans for directors, officers and certain key employees.

Total compensation cost recognized in income for equity based compensation awards was \$3.8 million, \$6.6 million, and \$3.3 million for the years ended June 30, 2015, 2014 and 2013, respectively, primarily within Selling, General, and Administrative Expenses. The total income tax benefit recognized in the consolidated statement of operations for equity-based compensation plans was \$1.3 million, \$2.3 million, and \$1.2 million for the years ended June 30, 2015, 2014 and 2013, respectively.

390,394 shares of common stock were reserved for issuance under various compensation plans at June 30, 2015.

Restricted Stock Awards

The Company may award shares of restricted stock to eligible employees and non-employee directors of the Company at no cost, giving them in most instances all of the rights of stockholders, except that they may not sell, assign, pledge or otherwise encumber such shares and rights during the restriction period. Such shares and rights are subject to forfeiture if certain employment conditions are not met. During the restriction period, recipients of the shares are entitled to dividend equivalents on such shares, providing that such shares are not forfeited. Dividends are accumulated and paid out at the end of the restriction period. During 2015, 2014 and 2013, the Company granted 43,598, 62,698, and 44,388 shares, respectively, of restricted stock to eligible participants. Restrictions on the stock awards generally lapse between fiscal 2016 and fiscal 2018. For the years ended June 30, 2015, 2014 and 2013, \$2.3 million, \$3.3 million, and \$1.5 million, respectively, was recognized as compensation expense related to restricted stock awards. Substantially all awards are expected to vest.

A summary of restricted stock awards activity during the year ended June 30, 2015 is as follows:

	Restricted Stock Awards	
	Number of Shares	Aggregate Intrinsic Value
Outstanding, June 30, 2014	144,095	\$ 10,732,196
Granted	43,598	
Exercised / vested	(71,220)	2,831,554
Canceled	(11,394)	
Outstanding, June 30, 2015	105,079	\$ 8,398,964

Restricted stock awards granted during 2015, 2014 and 2013 had a weighted average grant date fair value of \$76.47, \$58.84, and \$44.59, respectively. The grant date fair value of restricted stock awards is determined based on the closing price of the Company's common stock on the date of grant. The total intrinsic value of awards exercised during the years ended June 30, 2015, 2014, and 2013 was \$2.8 million, \$3.1 million, and \$3.5 million, respectively.

As of June 30, 2015, there was \$2.7 million of unrecognized compensation costs related to awards expected to be recognized over a weighted-average period of 1.47 years.

Executive Compensation Program

The Company operates a compensation program for key employees. The plan contains both an annual component as well as long-term component. Under the annual component, participants may elect to defer up to 50% of their annual incentive compensation in restricted stock which is purchased at a discount to the market. Additionally, non-employee directors of the Company may defer a portion of their director's fees in restricted stock units which is purchased at a discount to the market. During the restriction period, recipients of the shares are entitled to dividend equivalents on such units, providing that such shares are not forfeited. Dividend equivalents are accumulated and paid out at the end of the restriction period. The restrictions on the units expire after three years. At June 30, 2015 and 2014, respectively, 43,549 and 52,431 shares of restricted stock units are outstanding and subject to restrictions that lapse between fiscal 2016 and fiscal 2018. The compensation expense associated with this incentive program is charged to income over the restriction period. The Company recorded compensation expense related to this program of \$0.3 million, \$0.7 million, and \$0.6 million for the years ended June 30, 2015, 2014 and 2013, respectively.

As of June 30, 2015, there was \$0.3 million of unrecognized compensation costs related to awards expected to be recognized over a weighted-average period of 1.10 years

The fair value of the awards under the annual component of this incentive program is measured using the Black-Scholes option-pricing model. Key assumptions used to apply this pricing model are as follows:

	2015	2014	2013
Risk-free interest rates	0.88%	0.70%	0.25%
Expected life of option grants (in years)	3	3	3
Expected volatility of underlying stock	32.0%	38.9%	47.4%
Expected quarterly dividends (per share)	\$ 0.10	\$ 0.08	\$ 0.07

Under the long-term component, grants of performance share units ("PSUs") are made annually to key employees and the share units are earned based on the achievement of certain overall corporate financial performance targets over the performance period. At the end of the performance period, the number of shares of common stock issued will be determined by adjusting upward or downward from the target in a range between 50% and 200%. No shares will be issued if the minimum performance threshold is not achieved. The final performance percentage, on which the payout will be based, considering the performance metrics established for the performance period, will be certified by the Compensation Committee of the Board of Directors.

The awards granted by the Committee provided that the PSUs will be converted to shares of common stock if the Company's EBITDA (earnings before interest, taxes, depreciation and amortization) and return on assets meet specified levels approved by the Committee. A participant's right to any shares that are earned will vest in three equal installments. An executive whose employment terminates prior to the vesting of any installment for a reason other than death, disability, retirement, or following a change in control, will forfeit the shares represented by that installment. In certain circumstances, such as death, disability, or retirement, PSUs are paid on a pro-rata basis. In the event of a change in control, vesting of the awards granted is accelerated.

A summary of the awards activity under the executive compensation program during the year ended June 30, 2015 is as follows:

	Annual Component			Performance Stock Units	
	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number of Shares	Aggregate Intrinsic Value
Non-vested, June 30, 2014	52,432	\$ 29.91	\$ 1,360,566	40,366	\$ 2,156,759
Granted	14,650	55.76		31,199	
Vested	(21,298)	23.00	1,089,126	(24,137)	1,459,558
Forfeited	(2,235)	35.53		(18,978)	
Non-vested, June 30, 2015	43,549	\$ 41.70	\$ 794,828	28,450	\$ 1,873,626

Restricted stock awards granted under the annual component of this program in fiscal 2015, 2014, and 2013 had a grant date fair value of \$80.98, \$69.47, and \$55.61, respectively. The PSUs granted in fiscal 2015, 2014 and 2013 had a grant date fair value of \$74.82, \$54.48, and \$44.20, respectively. The total intrinsic value of awards vested under the executive compensation program during the years ended June 30, 2015, 2014 and 2013 was \$1.5 million, \$2.2 million, and \$3.1 million, respectively.

The Company recognized compensation expense related to the PSUs of \$1.3 million, \$2.7 million, and \$1.3 million for the years ended June 30, 2015, 2014 and 2013, respectively based on the probability of the performance targets being met. The total unrecognized compensation costs related to non-vested performance share units was \$1.0 million at June 30, 2015, which is expected to be recognized over a weighted average period of 1.57 years.

Employee Stock Purchase Plan

The Company has an Employee Stock Purchase Plan that allows employees to purchase shares of common stock of the Company at a discount from the market each quarter. Shares of our stock may be purchased by employees quarterly at 95% of the fair market value on the last day of each quarter. Shares of stock reserved for the plan were 94,488 at June 30, 2015. Shares purchased under this plan aggregated 3,382, 4,473, and 5,813 in 2015, 2014 and 2013, respectively, at an average price of \$74.42, \$58.54, and \$48.16, respectively.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of the Company's accumulated other comprehensive income (loss) at June 30 are as follows (in thousands):

	2015	2014
Foreign currency translation adjustment	\$ (13,333)	\$ 9,800
Unrealized pension losses, net of tax	(79,248)	(64,968)
Unrealized losses on derivative instruments, net of tax	(436)	(651)
Total	\$ (93,017)	\$ (55,819)

15. DISCONTINUED OPERATIONS

In June 2014, the Company divested the American Foodservice Company, (“AFS”) a manufacturer of custom design and fabrication of counter systems and cabinets, in our Food Service Equipment Group segment. In connection with this sale, the Company received proceeds of \$3.1 million and recorded a net loss on disposal of \$3.2 million.

On March 30, 2012, ADP was sold to a private equity buyer for consideration of \$16.1 million consisting of \$13.1 million in cash. Pursuant to the transaction, the Company received a \$3.0 million promissory note from the buyer. The note is secured by a mortgage on the ADP real estate sold in the transaction in Detroit Lakes, MN, Medina, NY, and Powder Springs, GA. The Company remained the obligor of ADP’s Philadelphia, PA facility and administrative offices, and sublet space to the buyer after the divestiture. The buyer terminated their obligation under the Philadelphia sublease in September 2014. On February 4, 2015 we entered into a one year renewable sublease agreement for this building. Our net obligation with respect to the remaining Philadelphia leases is \$1.3 million, of which \$0.9 million was recorded as a liability at June 30, 2015. We do not expect to record additional charges related to these obligations

During 2014, the Company received notice that its obligations under a guarantee provided to the buyers of ADP were triggered as a result of its withdrawal from both of the multi-employer pension plans in which ADP previously participated. As a result, the Company has recorded charges of \$1.6 million in excess of the value of the guarantee previously recorded. The last of these obligations were settled in July of fiscal year 2016 by a \$0.5 million payment to the final multi-employer plan.

The following table summarizes the Company’s discontinued operations activity, by operation, for the years ended June 30, (in thousands):

	Year Disposed	2015	2014	2013
Sales:				
American Foodservice Company	2014	\$ -	\$ 20,556	\$ 27,870
Air Distribution Products Group	2012	-	-	-
		<u>-</u>	<u>20,556</u>	<u>27,870</u>
Income (loss) before taxes:				
American Foodservice Company (1)	2014	(492)	(8,339)	1,934
Air Distribution Products Group	2012	(137)	(1,849)	(451)
Other loss from discontinued operations		(130)	(387)	(207)
Income (loss) before taxes from discontinued operations		<u>(759)</u>	<u>(10,575)</u>	<u>1,276</u>
(Provision) benefit for tax		<u>259</u>	<u>3,692</u>	<u>(482)</u>
Net income (loss) from discontinued operations		<u>\$ (500)</u>	<u>\$ (6,883)</u>	<u>\$ 794</u>

(1) American Foodservice Company incurred a pretax operational loss of \$3.5 million and pretax loss on sale of \$4.8 million in 2014.

Assets and liabilities related to discontinued operations to be retained by the Company are recorded in the Consolidated Balance Sheets at June 30 under the following captions (in thousands):

	2015	2014
Current assets	\$ 23	\$ 199
Non-current assets	3,014	3,014
Current liabilities	1,383	2,340
Non-current liabilities	896	1,791

16. RESTRUCTURING

The Company has undertaken a number of initiatives that have resulted in severance, restructuring, and related charges. A summary of charges by initiative is as follows (in thousands):

Year Ended June 30,	Involuntary Employee Severance and Benefit Costs	Other	Total
2015 Restructuring Initiatives	\$ 847	\$ 2,319	\$ 3,166
Prior Year Initiatives	11	266	277
Total expense	\$ 858	\$ 2,585	\$ 3,443
2014 Restructuring Initiatives	\$ 1,528	\$ 8,477	\$ 10,005
Prior Year Initiatives	72	-	72
Total expense	\$ 1,600	\$ 8,477	\$ 10,077
2013 Restructuring Initiatives	\$ 1,299	\$ 1,367	\$ 2,666
Prior Year Initiatives	-	-	-
Total expense	\$ 1,299	\$ 1,367	\$ 2,666

2015 Restructuring Initiatives

The Company continues to focus on our efforts to reduce cost and improve productivity across our businesses, particularly through headcount reductions and facility closures. During the second quarter of 2015, the Company announced the closure of our Food Service Equipment U.K. facility and entered into a distribution agreement with a U.K. based partner to reduce channel costs and enhance profitability, expand and strengthen, our U.K. Food Service Equipment group's presence for all of our brands. We incurred severance and non-cash lease impairment costs of \$0.8 million associated with these activities for the year ending June 30, 2015. Restructuring expense related to the 2015 initiatives have been completed.

Activity in the reserves related to 2015 restructuring initiatives is as follows (in thousands):

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring Liabilities at June 30, 2014	\$ -	\$ -	\$ -
Additions	847	2,319	3,166
Payments	(769)	(2,013)	(2,782)
Restructuring Liabilities at June 30, 2015	\$ 78	\$ 306	\$ 384

Prior Year Initiatives

The Company previously announced a consolidation of our Food Service Equipment Group Cheyenne, Wyoming plant into its Mexico facility and other manufacturing consolidation efforts. During fiscal year 2014 we recorded a non-cash expense of \$5.4 million related to the impairment of long-lived assets in Cheyenne. Expenses totaling \$0.3 million were recorded during the year ending June 30, 2015. Restructuring activities related to all prior year initiatives are substantially complete. The cumulative expense related to all activities making up this initiative is expected to be \$10.4 million.

Activity in the reserves related to prior year restructuring initiatives is as follows (in thousands):

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring Liabilities at June 30, 2013	\$ 10	\$ -	\$ 10
Additions	1,528	3,051	4,579
Payments	(983)	(3,051)	(4,034)
Restructuring Liabilities at June 30, 2014	\$ 555	\$ -	\$ 555
Additions	11	266	277
Payments	(566)	(266)	(832)
Restructuring Liabilities at June 30, 2015	\$ -	\$ -	\$ -

The Company's total restructuring expenses by segment are as follows (in thousands):

Year Ended June 30,	Involuntary Employee Severance and Benefit Costs	Other	Total
Fiscal Year 2015			
Food Service Equipment Group	\$ 215	\$ 2,363	\$ 2,578
Engineering Technologies Group	75	-	75
Engraving Group	220	-	220
Electronics Products Group	348	222	570
Total expense	<u>\$ 858</u>	<u>\$ 2,585</u>	<u>\$ 3,443</u>
Fiscal Year 2014			
Food Service Equipment Group	\$ 746	\$ 8,408	\$ 9,154
Engraving Group	667	21	688
Electronics Products Group	187	48	235
Total expense	<u>\$ 1,600</u>	<u>\$ 8,477</u>	<u>\$ 10,077</u>
Fiscal Year 2013			
Food Service Equipment Group	\$ 183	\$ 25	\$ 208
Engineering Technologies Group	44	-	44
Engraving Group	776	1,253	2,029
Electronics Products Group	296	89	385
Total expense	<u>\$ 1,299</u>	<u>\$ 1,367</u>	<u>\$ 2,666</u>

17. EMPLOYEE BENEFIT PLANS

Retirement Plans

The Company has defined benefit pension plans covering certain current and former employees both inside and outside of the U.S. The Company's pension plan for U.S. salaried employees was frozen as of December 31, 2007, and participants in the plan ceased accruing future benefits. The Company's pension plan for U.S. hourly employees was frozen for substantially all participants as of July 31, 2013, and replaced with a defined contribution benefit plan. Based on changes to the plan, the Company recorded a reduction in U.S. non-cash pension plan expense in 2014 of \$2.6 million as compared to 2013, which was partially offset by increased expenses associated with the implementation of the defined contribution benefit program. During fiscal 2015, the Society of Actuaries released new mortality tables that reflect increased life expectancy over the previous tables. The company incorporated these new tables into its most recent measurement of its U.S. pension obligations which resulted in an increase in the Company's projected benefit obligation as of June 30, 2015.

Net periodic benefit cost for U.S. and non-U.S. plans included the following components (in thousands):

	U.S. Plans Year Ended June 30,			Foreign Plans Year Ended June 30,		
	2015	2014	2013	2015	2014	2013
Service Cost	\$ 211	\$ 233	\$ 702	\$ 44	\$ 46	\$ 40
Interest Cost	10,476	11,241	10,941	1,618	1,723	1,667
Expected return on plan assets	(13,954)	(13,513)	(14,790)	(1,474)	(1,532)	(1,339)
Recognized net actuarial loss	3,945	3,941	7,577	750	819	901
Amortization of prior service cost (benefit)	54	57	98	(53)	(60)	(57)
Amortization of transition Obligation (asset)	-	-	2	-	-	-
Curtailment	244	-	52	-	-	-
Net periodic benefit cost (benefit)	<u>\$ 976</u>	<u>\$ 1,959</u>	<u>\$ 4,582</u>	<u>\$ 885</u>	<u>\$ 996</u>	<u>\$ 1,212</u>

The following table sets forth the funded status and amounts recognized as of June 30, 2015 and 2014 for our U.S. and foreign defined benefit pension plans (in thousands):

	U.S. Plans Year Ended June 30,		Foreign Plans Year Ended June 30,	
	2015	2014	2015	2014
Change in benefit obligation				
Benefit obligation at beginning of year	\$ 240,426	\$ 227,874	\$ 44,278	\$ 37,897
Service cost	211	233	44	46
Interest cost	10,476	11,241	1,618	1,723
Actuarial loss (gain)	16,570	16,317	3,996	2,161
Benefits paid	(15,468)	(15,239)	(1,455)	(1,662)
Foreign currency exchange rate	-	-	(4,800)	4,113
Projected benefit obligation at end of year	<u>\$ 252,215</u>	<u>\$ 240,426</u>	<u>\$ 43,681</u>	<u>\$ 44,278</u>
Change in plan assets				
Fair value of plan assets at beginning of year	\$ 216,043	\$ 200,174	\$ 37,487	\$ 30,889
Actual return on plan assets	3,900	30,956	3,410	3,034
Employer contribution	235	152	1,336	1,375
Benefits paid	(15,468)	(15,239)	(1,455)	(1,662)
Foreign currency exchange rate	-	-	(3,412)	3,851
Fair value of plan assets at end of year	<u>\$ 204,710</u>	<u>\$ 216,043</u>	<u>\$ 37,366</u>	<u>\$ 37,487</u>
Funded Status	<u>\$ (47,505)</u>	<u>\$ (24,383)</u>	<u>\$ (6,315)</u>	<u>\$ (6,791)</u>
Amounts recognized in the consolidated balance sheets consists of:				
Prepaid Benefit Cost	\$ -	\$ -	\$ 107	\$ 1,167
Current liabilities	(199)	(199)	(314)	(327)
Non-current liabilities	(47,306)	(24,184)	(6,109)	(7,631)
Net amount recognized	<u>\$ (47,505)</u>	<u>\$ (24,383)</u>	<u>\$ (6,316)</u>	<u>\$ (6,791)</u>
Unrecognized net actuarial loss	114,715	92,036	10,655	10,506
Unrecognized prior service cost	14	312	(130)	(220)
Accumulated other comprehensive income, pre-tax	<u>\$ 114,729</u>	<u>\$ 92,348</u>	<u>\$ 10,525</u>	<u>\$ 10,286</u>

The accumulated benefit obligation for all defined benefit pension plans was \$295.0 million and \$283.7 million at June 30, 2015 and 2014, respectively.

The estimated actuarial net loss and prior service benefit for the defined benefit pension plans that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year are \$4.9 million and less than \$0.1 million, respectively.

Plan Assets and Assumptions

The fair values of the Company's pension plan assets at June 30, 2015 and 2014 by asset category, as classified in the three levels of inputs described in Note 1 under the caption *Fair Value of Financial Instruments*, are as follows (in thousands):

	June 30, 2015			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 4,051	\$ 451	\$ 3,600	\$ -
Common and preferred stocks	101,725	17,716	84,009	-
U.S. Government securities	14,469	-	14,469	-
Corporate bonds and other fixed income securities	112,297	6,238	106,059	-
Other	9,534	-	9,534	-
	<u>\$ 242,076</u>	<u>\$ 24,405</u>	<u>\$ 217,671</u>	<u>\$ -</u>

	June 30, 2014			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 3,078	\$ 287	\$ 2,791	\$ -
Common and preferred stocks	107,498	16,754	90,744	-
U.S. Government securities	13,334	-	13,334	-
Corporate bonds and other fixed income securities	118,131	7,297	110,834	-
Other	11,488	-	11,488	-
	<u>\$ 253,529</u>	<u>\$ 24,338</u>	<u>\$ 229,191</u>	<u>\$ -</u>

Asset allocation at June 30, 2015 and 2014 and target asset allocations for 2015 are as follows:

Asset Category	U.S. Plans		Foreign Plans	
	Year Ended June 30, 2015	2014	Year Ended June 30, 2015	2014
Equity securities	33%	32%	24%	26%
Debt securities	31%	28%	75%	73%
Global balanced securities	26%	28%	0%	0%
Other	10%	12%	1%	1%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Asset Category – Target	2015	
	U.S.	U.K.
Equity securities	32%	25%
Debt and market neutral securities	33%	75%
Global balanced securities	25%	0%
Other	10%	0%
Total	<u>100%</u>	<u>100%</u>

Our investment policy for the U.S. pension plans targets a range of exposure to the various asset classes. Standex rebalances the portfolio periodically when the allocation is not within the desired range of exposure. The plan seeks to provide returns in excess of the various benchmarks. The benchmarks include the following indices: S&P 500; Citigroup PMI EPAC; Citigroup World Government Bond and Barclays Aggregate Bond. A third party investment consultant tracks the plan's portfolio relative to the benchmarks and provides quarterly investment reviews which consist of a performance and risk assessment on all investment managers and on the portfolio.

Certain managers within the plan use, or have authorization to use, derivative financial instruments for hedging purposes, the creation of market exposures and management of country and asset allocation exposure. Currency speculation derivatives are strictly prohibited.

Year Ended June 30	2015	2014	2013
Plan assumptions - obligation			
Discount rate	2.30 - 4.70%	2.90 - 4.50%	3.50 - 5.10%
Rate of compensation increase	3.80%	3.80%	3.50 - 3.90%
Plan assumptions - cost			
Discount rate	2.90 - 4.50%	3.50 - 5.10%	4.00 - 4.60%
Expected return on assets	4.20 - 7.25%	4.60 - 7.25%	4.80 - 7.80%
Rate of compensation increase	3.80%	3.90%	3.40 - 3.50%

Included in the above are the following assumptions relating to the obligations for defined benefit pension plans in the United States at June 30, 2015; a discount rate of 4.7% and expected return on assets of 7.25%. The U.S. defined benefit pension plans represent the majority of our pension obligations. The expected return on plan assets assumption is based on our expectation of the long-term average rate of return on assets in the pension funds and is reflective of the current and projected asset mix of the funds. The discount rate reflects the current rate at which pension liabilities could be effectively settled at the end of the year. The discount rate is determined by matching our expected benefit payments from a stream of AA- or higher bonds available in the marketplace, adjusted to eliminate the effects of call provisions.

Expected benefit payments for the next five years are as follows: 2016, \$16.9 million; 2017, \$17.1 million; 2018, \$17.1 million; 2019, \$17.3 million; 2020, \$17.5 million and thereafter, \$89.4 million. The Company expects to make \$1.5 million of contributions to its pension plans in 2016.

The Company operates a defined benefit plan in Germany which is unfunded.

Multi-Employer Pension Plans

We contribute to a number of multiemployer defined benefit plans under the terms of collective bargaining agreements that cover our union-represented employees. These plans generally provide for retirement, death and/or termination benefits for eligible employees within the applicable collective bargaining units, based on specific eligibility/participation requirements, vesting periods and benefit formulas. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the multiemployer plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If we choose to stop participating in some of our multiemployer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. However, cessation of participation in a multiemployer plan and subsequent payment of any withdrawal liability is subject to the collective bargaining process.

The following table outlines the Company’s participation in multiemployer pension plans for the periods ended June 30, 2015, 2014, and 2013, and sets forth the yearly contributions into each plan. The “EIN/Pension Plan Number” column provides the Employer Identification Number (“EIN”) and the three-digit plan number. The most recent Pension Protection Act zone status available in 2015 and 2014 relates to the plans’ two most recent fiscal year-ends. The zone status is based on information that we received from the plans’ administrators and is certified by each plan’s actuary. Among other factors, plans certified in the red zone are generally less than 65% funded, plans certified in the orange zone are both less than 80% funded and have an accumulated funding deficiency or are expected to have a deficiency in any of the next six plan years, plans certified in the yellow zone are less than 80% funded, and plans

certified in the green zone are at least 80% funded. The “FIP/RP Status Pending/Implemented” column indicates whether a financial improvement plan (“FIP”) for yellow/orange zone plans, or a rehabilitation plan (“RP”) for red zone plans, is either pending or has been implemented. For all plans, the Company’s contributions do not exceed 5% of the total contributions to the plan in the most recent year.

Pension Fund	EIN/Plan Number	Pension Protection Act Zone Status			Contributions			Surcharge Imposed?	Expiration Date of Collective Bargaining Agreement
		2015	2014	FIP/RP Status	2015	2014	2013		
New England Teamsters and Trucking Industry Pension Fund	04-6372430-001	Red	Red	Yes/Implemented	\$ 437	\$ 541	\$ 427	No	4/15/2018
IAM National Pension Fund, National Pension Plan	51-6031295-002	Green	Green	No	633	659	623	No	10/4/2016 - 5/31/2018
					<u>\$ 1,070</u>	<u>\$ 1,200</u>	<u>\$ 1,050</u>		

Retirement Savings Plans

The Company has two primary employee savings plans, one for salaried employees and one for hourly employees. Substantially all of our full-time domestic employees are covered by these savings plans. Under the provisions of the plans, employees may contribute a portion of their compensation within certain limitations. The Company, at the discretion of the Board of Directors, may make contributions on behalf of our employees under the plans. Company contributions were \$3.8 million, \$4.0 million, and \$4.1 million for the years ended June 30, 2015, 2014, and 2013, respectively. At June 30, 2015, the salaried plan holds approximately 96,000 shares of Company common stock, representing approximately 9% of the holdings of the plan.

Postretirement Benefits Other Than Pensions

The Company sponsors an unfunded postretirement medical plan covering certain full-time employees who retire and have attained the requisite age and years of service. Retired employees are required to contribute toward the cost of coverage according to various established rules.

The accumulated benefit obligation of the post-retirement medical plan was less than \$0.2 million at both June 30, 2015 and June 30, 2014. The plan holds no assets as the Company makes contributions as benefits are due. Contributions for each of the last two fiscal years were less than \$0.1 million. The assumed weighted average discount rate was 4.70% and 4.50% as of June 30, 2015 and 2014, respectively. A 1% increase in the assumed health care cost trend rate does not impact either the accumulated benefit obligation or the net postretirement cost, as the employer contribution for each participant is a fixed amount.

Effective January 1, 2013, the Company terminated its life insurance benefit provided to certain current and future retirees, resulting in a curtailment and settlement of the plan’s obligations. The Company recorded a \$2.3 million benefit from the settlement and curtailment as a component of selling, general and administrative expenses during the third quarter of 2013.

The following table sets forth the postretirement benefit cost reflected in the consolidated income statement sheet at year end (in thousands):

Components of Net Periodic Benefit Cost (in thousands)

	Year Ended June 30,		
	2015	2014	2013
Service Cost	\$ -	\$ -	\$ 13
Interest Cost	7	9	49
Recognized net actuarial gain	(1)	(7)	(24)
Curtailement	-	-	51
Plan Settlement	-	-	(2,329)
Amortization of transition obligation	-	-	112
Net periodic benefit cost	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ (2,128)</u>

18. INDUSTRY SEGMENT INFORMATION

The Company has determined that it has five reportable segments organized around the types of product sold:

- Food Service Equipment Group – an aggregation of seven operating segments that manufacture and sell commercial food service equipment;
- Engraving Group – provides mold texturizing, slush molding tools, project management and design services, roll engraving, hygiene product tooling, low observation vents for stealth aircraft, and process machinery for a number of industries;
- Engineering Technologies Group – provides net and near net formed single-source customized solutions in the manufacture of engineered components for the aviation, aerospace, defense, energy, industrial, medical, marine, oil and gas, and manned and unmanned space markets.
- Electronics Products Group – manufacturing and selling of electronic components for applications throughout the end-user market spectrum; and
- Hydraulics Products Group – manufacturing and selling of single and double-acting telescopic and piston rod hydraulic cylinders.

Net sales include only transactions with unaffiliated customers and include no significant intersegment or export sales. Operating income by segment and geographic area excludes general corporate and interest expenses. Assets of the Corporate segment consist primarily of cash, office equipment, and other non-current assets.

Given the nature of our corporate expenses, management has concluded that it would not be appropriate to allocate the expenses associated with corporate activities to our operating segments. These corporate expenses include the costs for the corporate headquarters, salaries and wages for the personnel in corporate, professional fees related to corporate matters and compliance efforts, stock-based compensation and post-retirement benefits related to our corporate executives, officers and directors, and other compliance related costs. The Company has a process to allocate and recharge certain direct costs to the operating segments when such direct costs are administered and paid at corporate. Such direct expenses that are recharged on an intercompany basis each month include such costs as insurance, workers' compensation programs, audit fees and pension expense. The accounting policies applied by the reportable segments are the same as those described in the Summary of Accounting Policies footnote to the consolidated financial statements. There are no differences in accounting policies which would be necessary for an understanding of the reported segment information.

**Industry Segments
(in thousands)**

	Net Sales			Depreciation and Amortization		
	2015	2014	2013	2015	2014	2013
Food Service Equipment	\$ 408,706	\$ 377,848	\$ 367,008	\$ 5,176	\$ 4,485	\$ 4,930
Engraving	110,781	109,271	93,380	3,497	3,342	3,226
Engineering Technologies	97,018	79,642	74,838	4,278	3,063	3,288
Electronics Products	114,196	114,881	108,085	2,759	2,807	2,986
Hydraulics Products	41,441	34,538	30,079	665	625	566
Corporate and Other	-	-	-	309	269	239
Total	\$ 772,142	\$ 716,180	\$ 673,390	\$ 16,684	\$ 14,591	\$ 15,235

	Income (Loss) From Operations			Capital Expenditures		
	2015	2014	2013	2015	2014	2013
Food Service Equipment	\$ 37,456	\$ 38,203	\$ 37,533	\$ 4,791	\$ 3,740	\$ 3,149
Engraving	24,250	22,145	15,596	5,856	4,648	5,106
Engineering Technologies	13,097	12,676	13,241	8,025	7,686	1,734
Electronics Products	20,884	19,732	16,147	2,298	1,631	3,243
Hydraulics Products	7,013	5,781	4,968	784	684	580
Restructuring charge	(3,443)	(10,077)	(2,666)	-	-	-
Gain on sale of real estate	-	-	-	-	-	-
Other operating income (expense), net	438	3,462	-	-	-	-
Corporate	(21,051)	(26,054)	(22,924)	268	1,531	568
Total	\$ 78,644	\$ 65,868	\$ 61,895	\$ 22,022	\$ 19,920	\$ 14,380
Interest expense	(3,161)	(2,249)	(2,469)			
Other, net	634	4,184	(128)			
Income from continuing operations before income taxes	\$ 76,117	\$ 67,803	\$ 59,298			

	Goodwill		Identifiable Assets	
	2015	2014	2015	2014
Food Service Equipment	\$ 56,812	\$ 56,731	\$ 218,334	\$ 214,674
Engraving	20,248	20,716	114,268	101,106
Engineering Technologies	46,000	12,188	141,351	75,591
Electronics Products	28,614	33,272	90,948	103,699
Hydraulics Products	3,058	3,058	22,705	16,410
Corporate & Other	-	-	72,735	66,680
Total	\$ 154,732	\$ 125,965	\$ 660,341	\$ 578,160

Net sales ⁽¹⁾	2015	2014	2013
United States	\$ 561,923	\$ 505,853	\$ 488,048
Asia Pasific	64,840	53,551	51,664
EMEA ⁽²⁾	117,816	130,602	113,367
Other Americas	27,563	26,174	20,311
Total	\$ 772,142	\$ 716,180	\$ 673,390

(1) Net sales were identified based on geographic location where our products and services were initiated.

(2) EMEA consists primarily of Europe, Middle East and S. Africa.

Long-lived assets	2015	2014	2013
United States	\$ 76,274	\$ 59,225	\$ 58,890
Asia Pasific	7,047	5,627	4,166
EMEA ⁽²⁾	18,604	23,266	22,065
Other Americas	6,611	8,579	7,421
Total	<u>\$ 108,536</u>	<u>\$ 96,697</u>	<u>\$ 92,542</u>

19. INSURANCE PROCEEDS

The Company recorded \$0.4 million and \$3.5 million in 2015 and 2014 of net gains, as components of other operating income net, from insurance proceeds we received related to a catastrophic failure of a large vertical machining center located at our Engineering Technologies facility in Massachusetts. Insurance proceeds of \$4.5 million in 2014 were partially offset by the write-off of the net book value of the machine of \$1.0 million.

During 2014, the Company recorded \$3.4 million gain, as a component of other non-operating income net, from proceeds for a life insurance policy triggered by the death of a former executive. This life insurance policy relates to an inactive program for key executives. There are six retired executives remaining in this program and current management is ineligible to participate.

20. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended June 30, 2015 and 2014 are as follows (in thousands, except for per share data):

	2015			
	First	Second	Third	Fourth
Net sales	\$ 202,027	\$ 189,337	\$ 180,999	\$ 199,779
Gross profit	66,112	58,800	57,258	65,316
Net income (loss)	14,552	11,184	12,626	16,381
EARNINGS PER SHARE ⁽¹⁾				
Basic	\$ 1.18	\$ 0.89	\$ 1.01	\$ 1.29
Diluted	\$ 1.16	\$ 0.88	\$ 1.00	\$ 1.27
	2014			
	First	Second	Third	Fourth
Net sales	\$ 178,140	\$ 166,540	\$ 174,160	\$ 197,340
Gross profit	60,405	55,894	57,572	64,398
Net income (loss)	9,082	10,517	13,220	10,047
EARNINGS PER SHARE ⁽¹⁾				
Basic	\$ 0.97	\$ 0.84	\$ 1.05	\$ 1.08
Diluted	\$ 0.96	\$ 0.83	\$ 1.04	\$ 1.07

⁽¹⁾ Basic and diluted earnings per share are computed independently for each reporting period. Accordingly, the sum of the quarterly earnings per share amounts may not agree to the year-to-date amounts.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Standex International Corporation

We have audited the accompanying consolidated balance sheet of Standex International Corporation and subsidiaries (the "Company") as of June 30, 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year ended June 30, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Standex International Corporation and subsidiaries as of June 30, 2015, and the results of their operations and their cash flows for the year ended June 30, 2015 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of June 30, 2015, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 27, 2015 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Boston, Massachusetts
August 27, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Standex International Corporation
Salem, New Hampshire

We have audited the accompanying consolidated balance sheet of Standex International Corporation and subsidiaries (the "Company") as of June 30, 2014, and the related consolidated statements of operations, comprehensive (loss) income, equity and cash flows for the years ended June 30, 2014 and 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the financial position of Standex International Corporation and subsidiaries as of June 30, 2014, and the results of their operations and their cash flows for the years ended June 30, 2014 and 2013, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
August 28, 2014

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable

Item 9A. Controls and Procedures

The management of the Company including its Chief Executive Officer, and Chief Financial Officer, have conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act") as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of June 30, 2015, that the disclosure controls and procedures are effective in ensuring that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and (ii) that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure.

SEC guidance permits the exclusion of an evaluation of the effectiveness of a registrant's disclosure controls and procedures as they relate to the internal control over financial reporting for an acquired business during the first year following such acquisition. As discussed in Note 2 to the consolidated financial statements contained in this Report; the Company acquired all of the outstanding stock of MPE Aeroengines, Inc. including its wholly owned subsidiary Enginetics Corporation, ("Enginetics") on September 4, 2014. Enginetics represents 3.1% of the Company's consolidated revenue for the year ended June 30, 2015 and approximately 10.1% of the Company's consolidated assets at June 30, 2015. Management's evaluation and conclusion as to the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2015 excludes any evaluation of the internal control over financial reporting of Enginetics.

There were no changes in the Company's internal control over financial reporting identified in connection with management's evaluation that occurred during the fourth quarter of our fiscal year (ended June 30, 2015) that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

The management of Standex is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Section 240.13a-15(f) of the Exchange Act). The Company's internal control over financial reporting is designed to provide reasonable assurance as to the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management, including the Chief Executive Officer and the Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of the end of the fiscal year covered by this report on Form 10-K. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control-Integrated Framework (2013)." These criteria are in the areas of control environment, risk assessment, control activities, information and communication and monitoring. Management's assessment included documenting, evaluating and testing the design and operating effectiveness of our internal control over financial reporting.

Based on the Company's processes, as described above, management, including the Chief Executive Officer and the Chief Financial Officer, has concluded that our internal control over financial reporting was effective as of June 30, 2015 to provide reasonable assurance of achieving its objectives. These results were reviewed with the Audit Committee of the Board of Directors. Grant Thornton, LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an unqualified attestation report on the Company's internal control over financial reporting, which is included below.

Inherent Limitation on Effectiveness of Controls

No matter how well designed, internal control over financial reporting has inherent limitations. Internal control over financial reporting determined to be effective can provide only reasonable, not absolute, assurance with respect to financial statement preparation and may not prevent or detect all misstatements that might be due to error or fraud. In addition, a design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Standex International Corporation

We have audited the internal control over financial reporting of Standex International Corporation and subsidiaries (the “Company”) as of June 30, 2015, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting (“Management’s Report”). Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. Our audit of, and opinion on, the Company’s internal control over financial reporting does not include the internal control over financial reporting of Enginetics Corporation, a wholly-owned subsidiary, whose financial statements reflect total assets and revenues constituting 10% and 4% percent, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2015. As indicated in Management’s Report, Enginetics Corporation was acquired during the year ended June 30, 2015. Management’s assertion on the effectiveness of the Company’s internal control over financial reporting excluded internal control over financial reporting of Enginetics Corporation.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2015, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as of and for the year ended June 30, 2015, and our report dated August 27, 2015 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Boston, Massachusetts
August 27, 2015

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The Company will file with the Securities and Exchange Commission (“SEC”) a definitive Proxy Statement no later than 120 days after the close of the fiscal year ended June 30, 2015 (the “Proxy Statement”). The information required by this item and not provided in Part 1 of this report under Item 1 “Executive Officers of Standex” is incorporated by reference from the Proxy Statement under the captions “Election of Directors,” “Stock Ownership in the Company,” “Other Information Concerning the Company, Board of Directors and its Committees” and “Section 16(a) Beneficial Ownership Reporting Compliance.”

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors. Information regarding the process for identifying and evaluating candidates for director are set forth and incorporated in reference to the information in the Proxy Statement under the caption “Corporate Governance/Nominating Committee Report.”

Information regarding the Audit Committee Financial Expert and the identification of the Audit Committee is incorporated by reference to the information in the Proxy Statement under the caption “Other Information Concerning the Company Board of Directors and its Committee, Audit Committee.” The Audit Committee is established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act.

We maintain a corporate governance section on our website, which includes our code of ethics for senior financial management that applies to our chief executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions. Our corporate governance section also includes our code of business conduct and ethics for all employees. In addition, we will promptly post any amendments to or waivers of the code of ethics for senior financial management on our website. You can find this and other corporate governance information at www.standex.com.

Item 11. Executive Compensation

Information regarding executive compensation is incorporated by reference from the Proxy Statement under the captions and sub-captions: “Executive Compensation,” “Compensation Discussion and Analysis,” “Report of the Compensation Committee,” “2015 Summary Compensation Table,” “Other Information Concerning the Company Board of Directors and Its Committees,” and “Directors Compensation.”

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The stock ownership of each person known to Standex to be the beneficial owner of more than 5% of its Common Stock is incorporated by reference in the Proxy Statement under the caption “Stock Ownership of Certain Beneficial Owners.” The beneficial ownership of Standex Common Stock of all directors and executive officers of the Company is incorporated by reference in the Proxy Statement under the caption and sub-caption “Stock Ownership in the Company” and “Stock Ownership by Directors, Nominees for Directors and Executive Officers,” respectively.

The Equity Compensation Plan table below represents information regarding the Company's equity based compensation plan at June 30, 2015.

Plan Category	(A)	(B)	(C)
	Number of Securities To Be Issued Upon Exercise Of Outstanding Options, Warrants And Rights	Weighted-Average Exercise Price Of Outstanding Options, Warrants And Rights	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities reflected in Column (A))
Equity compensation plans approved by stockholders	201,132	\$ 9.03	390,394
Equity compensation plans not approved by stockholders	-	-	-
Total	201,132	\$ 9.03	390,394

The Company has one equity compensation plan, approved by stockholders, under which equity securities of the Company have been authorized for issuance to employees and non-employee directors. This plan is further described in the "Notes to Consolidated Financial Statements" under the heading "Stock-Based Compensation and Purchase Plans."

Item 13. Certain Relationships and Related Transactions and Director Independence

Information regarding certain relationships and related transactions is incorporated by reference in the Proxy Statement under the caption and sub-caption "Certain Relationships and Related Transactions" And "Stock Ownership by Directors, Nominees for Director and Executive Officers," respectively.

Information regarding director independence is incorporated by reference in the Proxy Statement under the caption "Election of Directors - Determination of Independence."

Item 14. Principal Accountant Fees and Services

This Information in addition to information regarding aggregate fees billed for each of the last two fiscal years for professional services rendered by the professional accountant for audit of the Company's annual financial statements and review of financial statements included in the Company's Form 10-K as well as others are incorporated by reference in the Proxy Statement under the caption "Independent Auditors' Fees."

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a)(1) Financial Statements
- Financial Statements covered by the Reports of Independent Registered Public Accounting Firm
- (A) Consolidated Statements of Operations for the fiscal years ended June 30, 2015, 2014 and 2013
 - (B) Consolidated Balance Sheets as of June 30, 2015 and 2014
 - (C) Consolidated Statements of Stockholders' Equity and Comprehensive Income for the fiscal years ended June 30, 2015, 2014 and 2013
 - (D) Consolidated Statements of Cash Flows for the fiscal years ended June 30, 2015, 2014 and 2013
 - (E) Notes to Consolidated Financial Statements

(2) Financial Statements Schedule

The following financial statement schedule is included as required by Item 8 to this report on Form 10-K Schedule II – Valuation and Qualifying Accounts is included in the Notes to Consolidated Financial Statements

All other schedules are not required and have been omitted

(3) Exhibits

Exhibit Filed Number		Exhibit Description	Incorporated by Reference	
			Form	Date
Herewith				
(b) 3.	(i)	Restated Certificate of Incorporation of Standex, dated October 27, 1998 filed as Exhibit 3(i).	10-Q	12/31/1998
	(ii)	By-Laws of Standex, as amended, and restated effective January 30, 2015 filed as Item 5.03, Exhibit 3.1	8-K	2/4/2015
4.	(a)	Agreement of the Company, dated September 15, 1981, to furnish a copy of any instrument with respect to certain other long-term debt to the Securities and Exchange Commission upon its request filed as Exhibit 4.	10-K	6/30/1981
10.	(a)	Amended and Restated Employment Agreement dated August 25, 2010 between the Company and Roger L. Fix*	10-K	6/30/2010
	(b)	Non-Competition Agreement between the Company and John Abbott dated December 1, 2014 Filed as Item 5.02(e), Exhibit 10*	8-K	12/3/2014
	(c)	Amended and Restated Employment Agreement dated August 25, 2010 between the Company and John Abbott*	10-K	6/30/2010
	(d)	Amended and Restated Employment Agreement dated August 25, 2010 between the Company and Thomas D. DeByle*	10-K	6/30/2010
	(e)	Amended and Restated Employment Agreement dated August 25, 2010 between the Company and Deborah A. Rosen*	10-K	6/30/2010
	(f)	Employment Agreement dated August 2, 2012 between the Company And Michael A. Patterson*	10-Q	9/30/2013
	(g)	Standex International Corporation Amended and And Restated 2008 Long Term Incentive Plan, effective October 28, 2008. Filed as Exhibit 10.*	10-K	6/30/2012

(h)	Standex International Corporation Executive Security Program, as amended and restated on January 31, 2001 filed as Exhibit 10(a).*	10-Q	3/31/2001	
(i)	Standex International Corporation Executive Life Insurance Plan effective April 27, 1994 and as Amended and restated on April 25, 2001 filed as Exhibit 10(k).*	10-K	6/30/2001	
(j)	Standex International Corporation Supplemental Retirement Plan adopted April 26, 1995 and Amended on July 26, 1995 filed as Exhibit 10(n).*	10-K	6/30/1995	
(k)	Form of Indemnification Agreement for directors and executive officers of the Company filed as Item 1.01, Exhibit 10.*	8-K	5/5/2008	
(l)	Executive Officer long-term performance share Unit awards filed as Item 5.02.*	8-K	8/28/2008	
(m)	Standex Deferred Compensation Plan for highly compensated employees filed as Item 5.02.*	8-K	1/31/2008	
(n)	Restricted Stock Unit Award granted to Roger L. Fix dated January 25, 2006 filed as Item 1.01.*	8-K	1/27/2006	
(o)	Amended and Restated Credit Agreement Dated December 19, 2014 by and among Standex International Corporation, Citizens Bank, N.A.; Bank of America, N.A.; TD Bank, N.A.; JPMorgan Chase Bank, N.A.; Branch Banking & Trust Company and Santander Bank, N.A. Filed as Item 1.01, Exhibit 10	8-K	12/19/2014	
(p)	Amendment to Directors' Compensation Program for members of the Board of Directors of the Company filed as Item 1.01.*	8-K	11/2/2006	
(q)	Stock Purchase Agreement by and among MPE Aeroengines, Inc. the stockholders and optionholders of MPE Aeroengines, Inc. Morgenthaler Management Partners VIII, LLC, as Representative and Standex International Corporation Dated August 14, 2014 filed as Item 1.01, Exhibit 10	10Q/A	11/3/2014	
(r)	Purchase and Sale Agreement dated July 1, 2014 Between Standex International Corporation and AFS All American Millwork And Fabrication, LLC.			X
(r)	Purchase and Sale Agreement dated February 22, 2012 among the Company, Standex Air Distribution, Products, Inc., Snappy Air Distribution Products, Inc. as Sellers and BW HVAC Operations, LLC and BW HVAC Real Estate Holdings, LLC as Buyers Filed as Exhibit 10	10-Q	3/31/2012	

(s)	Stock Purchase Agreement dated June 20, 2014 among the Company, as Buyer, and the shareholders of Ultrafryer Systems, Inc., as Sellers filed as Exhibit 10	10-K	6/30/2014	
(t)	Code of Ethics for Chief Executive Officer and Senior Financial Officers is incorporated by reference as Exhibit 14.	10-K	6/30/2005	
21.	Subsidiaries of Standex International Corporation			X
23.1	Consent of Independent Registered Public Accounting Firm			X
23.2	Consent of Independent Registered Public Accounting Firm			X
24.	Powers of Attorney of Charles H. Cannon, Thomas E. Chorman, Jeffrey S. Edwards, William R. Fenoglio, Gerald H. Fickenscher, Roger L. Fix, Thomas J. Hansen, Daniel B. Hogan, and H. Nicholas Muller, III, Ph. D.			X
31.1	Rule 13a-14(a) Certification of President and Chief Executive Officer			X
31.2	Rule 13a-14(a) Certification of Vice President and Chief Financial Officer			X
32.	Section 1350 Certification			X
101.INS	XBRL Instance Document			
101.SCH	XBRL Taxonomy Extension Schema Document			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			

* Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Standex International Corporation has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on August 27, 2015.

STANDEX INTERNATIONAL CORPORATION
(Registrant)

/s/ DAVID DUNBAR

David Dunbar
President/Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Standex International Corporation and in the capacities indicated on August 27, 2015:

Signature

Title

/s/ DAVID DUNBAR
David Dunbar

President/Chief Executive Officer

/s/ THOMAS D. DEBYLE
Thomas D. DeByle

Vice President/Chief Financial Officer

/s/ SEAN VALASHINAS
Sean Valashinas

Chief Accounting Officer

David Dunbar, pursuant to powers of attorney which are being filed with this Annual Report on Form 10-K, has signed below on August 27, 2015 as attorney-in-fact for the following directors of the Registrant:

Charles H. Cannon
Thomas E. Chorman
Jeffrey S. Edwards
William R. Fenoglio
Gerald H. Fickenscher

Roger L. Fix
Thomas J. Hansen
Daniel B. Hogan,
H. Nicholas Muller, III, Ph.D.

/s/ DAVID DUNBAR
David Dunbar

Supplemental Information to be furnished with reports filed pursuant to Section 15(d) of the Act by Registrants which have not registered securities pursuant to Section 12 of the Act.

The Company will furnish its 2015 Proxy Statement and proxy materials to security holders subsequent to the filing of the annual report on this Form. Copies of such material shall be furnished to the Commission when they are sent to security holders.

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END OF FORM 10-K

SUPPLEMENTAL INFORMATION FOLLOWS

Board of Directors

	Title
Roger L. Fix ⁴	Chairman
Charles H. Cannon, Jr., ^{2, 4}	Retired Chairman and CEO, JBT Corporation
Thomas E. Chorman ^{1, 3}	CEO, Foam Partners LLC
David Dunbar ⁴	President and Chief Executive Officer
Jeffrey Edwards ²	Chairman and Chief Executive Officer, Cooper Standard Holdings, Inc.
William R. Fenoglio ^{1, 4}	Former President/CEO, Augat, Inc.
Gerald H. Fickenscher ^{1, 3}	Retired Vice President, Europe, Middle East, and Africa, Crompton Corporation
Thomas J. Hansen ¹	Former Vice Chairman of Illinois Tool Works, Inc.
Daniel B. Hogan, Ph. D. ³	Executive Director, Passim Folk Music and Cultural Center
H. Nicholas Muller, III, Ph.D. ^{2, 3}	Former President/CEO, Frank Lloyd Wright Foundation

¹ Member of Audit Committee

² Member of Compensation Committee

³ Member of Corporate Governance/Nominating Committee

⁴ Member of Executive Committee

Corporate Officers

David Dunbar	President and Chief Executive Officer
Thomas D. DeByle	Vice President, Chief Financial Officer and Treasurer
Deborah A. Rosen	Vice President, Chief Legal Officer and Secretary
Stacey S. Constas	Corporate Governance Officer and Assistant Secretary
Sean Valashinas	Chief Accounting Officer and Assistant Treasurer
Christopher J. Seiler	Tax Director

Operating Management

FOOD SERVICE EQUIPMENT GROUP

Anne De Greef-Safft	Group President of Food Service Equipment Group
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ENGINEERING TECHNOLOGIES GROUP

Leonard Paolillo President

ENGRAVING GROUP

Phillip R. Whisman President

ELECTRONICS PRODUCTS GROUP

John Meeks President

HYDRAULICS PRODUCTS GROUP

Richard Hiltunen President

Shareholder Information

Corporate Headquarters

Standex International Corporation
11 Keewaydin Drive
Salem, NH 03079
(603) 893-9701
Facsimile: (603) 893-7324
www.standex.com

Common Stock

Listed on the New York Stock Exchange
(Ticker symbol: SXI)

Transfer Agent and Registrar

Computershare
250 Royall Street
Canton, MA 07021
(800) 368-5948
www.Computershare.com

Independent Auditors

Grant Thornton LLP
75 State Street, 13th Floor
Boston, MA 02109-1827

Shareholder Services

Stockholders should contact Standex's Transfer Agent (Computershare, 250 Royall Street, Canton, MA 02021) regarding changes in name, address or ownership of stock; lost certificates of dividends; and consolidation of accounts.

Stockholders' Meeting

The Annual Meeting of Stockholders will be held at 11:00 a.m. on Wednesday, October 28, 2015 at the Burlington Marriott, One Burlington Mall Road, Burlington, MA 01803.

PURCHASE AND SALE AGREEMENT

Standex International Corporation

SELLER

And

AFS All-American Millwork and Fabrication LLC

BUYER

Dated: June 30, 2014

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "Agreement") is made and entered into this 30th day of June, 2014, by and between STANDEX INTERNATIONAL CORPORATION, a Delaware corporation (the "Seller"), and AFS ALL-AMERICAN MILLWORK AND FABRICATION LLC, a Delaware limited liability company (the "Buyer").

RECITALS

I Seller is engaged in the design, manufacture, marketing, sale and distribution of custom fabricated steel, wood, stone, solid surface and millwork products for the food service industry through its business unit known as "American Foodservice Company," with facilities for manufacturing, warehouse and sales located in Savannah, Tennessee and Smyrna, Tennessee (all of such businesses collectively designated herein as the "Business").

II Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, all assets, properties, rights, claims and all inventory used in, relating to or arising from the Business as a going concern, including the assumption of certain liabilities of the Business, on the terms and conditions set forth herein.

III Capitalized terms used throughout this Agreement shall have the definitions and meanings ascribed to them in Article XIV.

In consideration of the respective representations, warranties, covenants, agreements and conditions hereinafter set forth, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I

PURCHASE AND SALE OF THE ASSETS

1.1 The Transaction.

As of the Closing Date (as defined in Article III), Seller shall sell, transfer, assign and deliver to Buyer, free and clear of all liabilities, liens, security interests and other encumbrances (except as hereinafter expressly provided in Schedule 4.5), and Buyer shall purchase, accept, assume and receive from Seller, all right, title and interest of Seller in, to or arising from the Business as a going concern all of the Purchased Assets (as defined in the next section).

1.2 Purchased Assets.

The "Purchased Assets" means all of the assets, rights and properties owned, used or useable by the Seller in connection with or relating to the Business, and all of the Seller's rights therein including, without limitation, the following assets, rights and properties, but excluding the Excluded Assets:

- a. The accounts and notes receivable of or relating to the Business, including, without limitation, those that are set forth on Schedule 1.2(a), which schedule shall be updated on the Closing Date (such included accounts receivable and notes receivable shall be collectively defined as "Accounts Receivable");
- b. All inventories of or relating to the Business (including but not limited to in-transit inventories, raw materials, work-in-process, samples, supplies, repair parts, replacement parts and finished goods), wherever located (the "Inventory") including, without limitation, those Inventories that are set forth on Schedule 1.2(b);

- c. All machinery, equipment, tools, dies, jigs, molds, fixtures, designs and patterns and other tangible personal property of or relating to the Business, whether owned or leased, including, without limitation, those set forth in Schedule 1.2(c);
- d. All office furniture, office equipment, fixtures and office supplies used in or relating to the operation of the Business, including all rights under personal property leases as identified on Schedule 1.2(d) (the "Personal Property Leases");
- e. All vehicles and transportation equipment owned or leased, and if leased, to the extent assignable, by Seller and used in the operation of, or relating to, the Business, identified on Schedule 1.2(e);
- f. All technical, manufacturing or marketing information in any form or media format belonging to the Seller or in the possession of the Seller or employees of the Seller of or relating to the Business, including new developments, development projects;
- g. All inventions, discoveries, improvements, designs, patterns, proprietary rights, proprietary data, know-how, technology, processes, ideas, trade secrets of or related to the Business and documentation thereof (including related papers, drawings, chemical compositions, formulas, diaries, notebooks, technical drawings, designs, production manuals, specifications, methods of manufacture, processes and data processing software in any form or media format) as well as all right, title and interest relating thereto;
- h. All customer files, customer lists, supplier lists, vendor lists, collection records and credit records or copies thereof related to the Business in any form or media format;
- i. All contracts, agreements, instruments, plans and leases related to the Business to which Seller is a party or bound, or by which any of its properties are subject or bound including all right, title and interest of Seller under the sales contracts, customer orders, service agreements, purchase orders, dealer and distribution agreements, commitments and arrangements with customers, vendors, suppliers and other third parties, and any other agreements related to the Business including those that are set forth on Schedule 4.19(a), which includes all nickel hedge agreements for the Business as listed on such schedule;
- j. All goodwill of the Business as a going concern;
- k. All existing documents and records relating to the operations or products of the Business, including historical costing and pricing data and employment and personnel records for all employees of the Business, in any form or media format;
- l. Copies of all accounting books, records and ledgers of the Business;
- m. All catalogs and advertising literature of the Business;
- n. All right, title and interest of the Seller to United States and foreign patents, patent applications, trademarks, trademark applications, copyrights, trade names, and trade rights, whether or not registered, in each case used in or involving the Business, including, without limitation, all patents for parts business and those listed in Schedule 4.12;
- o. To the extent assignable, all prepaid items of the Seller related to the Business and all rights to cash deposits in the nature of security or performance deposits of the Seller related to the Business;

- P. All assignable permits, licenses, approvals, franchises, consents, registrations, and authorizations issued to Seller by Federal, state, local and foreign or other government authorities related to compliance by the Business with any applicable government laws including, without limitation, those listed in Schedule 1.2(p);
- q. The computer hardware and software and related licenses and existing documentation thereof, including all electronic data processing equipment, computer software, all systems regulating, controlling or monitoring equipment, program specifications, record file layouts, diagrams, functional specifications and narrative descriptions, flow charts and other related materials which are disclosed on Schedule 1.2(q), which in each case is owned by Seller, provided that Buyer shall be solely responsible for all payments to third parties required to effect the transfer of such systems and software;
 - r. All assignable customs, performance and other bonds, security and other advances or deposits maintained for use in the conduct of the Business;
 - s. All real property interests of Seller relating to the Business, whether owned or leased, including all owned land and buildings of Seller used in the Business located in Savannah, Tennessee at 735 Florence Road, Savannah, Tennessee 38372 (the "Owned Real Property") and leaseholds, leasehold improvements, fixtures and other appurtenances thereto (collectively, the "Facilities"), and including all rights under the real property lease for the real property leased by Seller for the Business located at 445 Armory Lane, Savannah, Tennessee 38372 (the "Savannah Airport Lease"), and the right to sublease from Seller Unit 5, the "USECO" unit, 869 Seven Oaks Boulevard, Smyrna, Tennessee 37167 leased by Seller under a real property lease (the "Smyrna Lease") as each is further described in Schedule 4.17(a) (collectively, the "Real Property Leases");
 - t. All choses in action, rights of recovery, set-offs, security interests and privileges related to the Business;
 - u. All rights title and interests of Seller in and to URLs, domain names, websites and content (including text and graphics) used in connection with the Business including those set forth on Schedule 1.2(u);
 - v. All rights of Seller to any prepaid personal property taxes;
 - w. Seller's rights to goods and services and all other economic benefits to be received by the Business subsequent to the Closing Date arising out of prepayments and payments by Seller prior to the Closing Date (the "Prepaid Assets");
 - x. All other assets, properties, rights and claims related to the operations of the Business which arise in or from the conduct thereof; and
 - y. All UL and NSF certifications used by Seller in connection with the Business, and all NSF and UL documentation reports.

Notwithstanding the provisions of subsections (a) through (y) above, the definition of Purchased Assets shall not include any items defined as Excluded Assets in Section 1.3 below.

1.3 Excluded Assets.

The following assets, properties, rights and claims (the "Excluded Assets") shall not be sold or transferred to Buyer:

- a. All cash and bank accounts of the Business;
- b. All right, title and interest in or to the names "Standex," "A Standex Company," "Standex International," "Standex International Corporation," or "Standex Food Service Group;"
- c. All prepaid assets not assignable or assumable by Buyer;
- d. Prepaid and deferred income tax assets of the Seller as they relate to the Business;
- e. All refunds pertaining to tax obligations of the Seller as they relate to the Business, but only to the extent such refunds relate directly to a period ending at or prior to the Closing;
- f. All software and related documentation thereof which is non-transferable and is set forth on Schedule 1.3(f); and
- g. All leased vehicles and transportation not otherwise assignable to Buyer that are set forth on Schedule 1.3(g). Notwithstanding that such vehicles listed on Schedule 1.3(g) are Excluded Assets, Buyer desires to purchase the vehicles denoted on Schedule 1.3(g) directly from the third party lessor, Wheels Inc., and the total costs of such vehicle purchases by Buyer shall be shared equally between Buyer and Seller.

1.4 Assumed Liabilities and Obligations

As of the Effective Time, Buyer shall assume and thereafter pay, perform or discharge the following liabilities of the Seller except as excluded under Section 1.4 below (the "Assumed Liabilities"):

- a. Obligations under the sales contracts and customer orders which are open as of the Effective Time other than with respect to breaches thereof occurring prior to the Effective Time;
- b. Obligations arising on or after the Effective Time under the Personal Property Leases of the Business specifically assumed by Buyer other than with respect to breaches thereof occurring prior to the Effective Time;
- c. Obligations arising on or after the Effective Time under the Savannah Airport Lease other than (1) with respect to breaches thereof occurring prior to the Effective Time and (2) for any obligations to make any payments under the Savannah Airport Lease;
- d. Obligations arising or vesting subsequent to the Effective Time under the Material Contracts listed on Schedule 4.19(a) other than with respect to breaches thereof occurring prior to the Effective Time and other than as specifically excluded pursuant to Section 1.5(r);
- e. Current liabilities and obligations under the trade accounts payable, purchase orders and commitments for materials, services or goods provided which are open as of the Effective Time as set forth on Schedule 1.4(e) ("Accounts Payable") and are reflected in Net Working Capital;

- f. Liabilities and obligations to Transferred Employees arising from events or occurrences on and after the Effective Time, including liabilities for accident, disability, health and workers' compensation insurance or benefits arising from events or occurrences on and after the Effective Time;
- g. Liabilities and obligations for Federal, state, and local taxes, duties and assessments and personal property taxes of the Business arising from events or occurrences on and after the Effective Time other than taxes based on the income of the Seller;
- h. Obligations for real estate taxes for the Owned Real Property to the extent arising and accruing with respect to periods on and after the Effective Time;
- i. Liabilities for utilities relating to the Business arising on or after the Effective Time;
- j. Any product warranty service and repair obligations which arise on or after the Closing in accordance with Section 7.2 related to products sold by the Business prior to the Effective Time;
- k. Liabilities, obligations or claims for damage or injury (real or alleged) to persons or property arising from the ownership, possession or use of any products manufactured and sold by the Business on or after the Effective Time;
- l. All liabilities and obligations under the licenses, permits and franchises transferred pursuant to this Agreement accruing on or after the Effective Time;
- m. All liabilities under Environmental Laws (as defined in Section 4.22 herein) attributable solely to the acts of Buyer, its officers, directors, employees, equity holders, agents, members, managers, partners, legal representatives, successors or assigns of the Business on or after the Effective Time;
- n. All liabilities with respect to all actions, suits, proceedings, disputes, claims or investigations arising out of or related to the conduct of the Business on or after the Effective Time or that otherwise arise out of or are related to the ownership of the Purchased Assets by Buyer on or after the Effective Time;
- o. Accrued vacation and sick leave benefits due to employees of the Business who become Transferred Employees under Section 7.1(b) on or after the Effective Time only to the extent such amounts are included in Net Working Capital; provided, however, that Seller shall pay in full on the Effective Time any bonus approved prior to the Effective Time to the following Business Employee scheduled to receive a bonus payment on the Effective Time: Gregory Seaton.
- p. Subject to Seller's indemnification obligations in Section 12.2(1), liabilities, obligations or claims for severance payments, expenses or costs (including accrued vacation compensation to the extent included in Net Working Capital) arising on and after the Effective Time for employees of the Business, who become Transferred Employees under Section 7.1(b) wherever located, who become employed by Buyer on the Effective Time and whose employment is subsequently terminated by Buyer after the Effective Time only with respect to periods between the Effective Time and the date of termination;
- q. Any and all costs, liabilities, obligations and expenses, arising in connection with either the relocation or consolidation of any of the business operations of the Business on and after the

Effective Time to a new location or the termination, curtailment or other reduction by Buyer on and after the Effective Time of any of the operations of the Business, wherever located; and

- r. Any post-Effective Time actions required by TOSHA that must be carried out or undertaken at the Owned Real Property in connection with any Purchased Assets, provided that Seller shall reimburse Buyer for any costs incurred by Buyer from such actions and Buyer shall provide Seller documentation of such costs.

1.5 Excluded Liabilities and Obligations.

Buyer does not assume and shall not be liable for any debt, obligation, claim, responsibility, liability or expense (including court costs and reasonable attorneys' fees) arising in, out of or with respect to the Business or Seller which is not specifically defined in the Assumed Liabilities in the foregoing Section 1.4 and whether arising prior to, on or after the Effective Time (the "Excluded Liabilities").

Notwithstanding Section 1.4, without limiting the generality of the foregoing, the Excluded Liabilities include:

- a. All liabilities or obligations arising from any breach of any covenant, agreement, representation or warranty of Seller contained herein or arising from, out of, or in connection with the transactions contemplated by this Agreement;
- b. All liabilities and obligations of the Seller incurred after the Effective Time, other than as set forth in any section of Section 1.4;
- c. Liabilities and obligations of Seller for Federal, state and local taxes relating to periods occurring prior to the Effective Time or which were incurred prior to the Effective Time;
- d. Liabilities, obligations or claims for damage or injury (real or alleged) to Persons or property arising from the ownership, possession or use of any products manufactured, shipped or sold by the Business prior to the Effective Time;
- e. Liabilities and obligations with respect to litigation, if any, pending or threatened as of the Effective Time including those with respect to the matters set forth on Schedule 4.16;
- f. Liabilities and obligations arising out of transactions, commitments, infringements, acts or omissions by or on behalf of Seller (except to the extent included in the Assumed Liabilities);
- g. Liabilities and obligations to employees of the Business with respect to vacation or sick leave pay (except to the extent included in the Assumed Liabilities);
- h. Liabilities and obligations to employees or former employees of the Business with respect to accident, disability, health and workers' compensation insurance or benefits and any other claims of employees or former employees of the Business, in each instance arising from events or occurrences prior to the Effective Time;
- i. Liabilities and obligations under passenger vehicle leases relating to the Business;
- j. Liabilities and obligations to employees of the Business relating to the Standex Retirement Savings Plan;
- k. Liabilities and obligations under those accounts payable and/or intercompany loans between any of the entities or divisions comprising the Business and any divisions or affiliated

companies of Seller that are not engaged in the Business, including those which are disclosed on Schedule 1.5(k), which shall be updated on the Closing Date, as of the Closing Date;

1. Liabilities under Environmental Laws, except to the extent such liabilities are attributable to the acts of Buyer and/or its successors and assigns on or after the Effective Time;
- m. Except with respect to warranty obligations undertaken under Section 7.2, all liabilities for (i) all products sold by the Business prior to the Effective Time, (ii) products returned by customers of the Business in accordance with the terms and conditions of sale of the Business where manufactured prior to the Effective Time, (iii) all services provided by the Business prior to the Effective Time and (iv) all other activities of the Business prior to the Effective Time;
- n. Any and all other liabilities, debts or obligations of Seller, fixed or contingent, known or unknown as of the Effective Time, other than those expressly assumed by Buyer under Section 1.4;
- o. Any liabilities or obligations with respect to the continued employment of, or termination of employment of, Business Employees who do not become Transferred Employees;
- p. Except as set forth in Section 1.4(r), any and all costs, liabilities, obligations and expenses arising in connection with, or in order to comply with, the TOSHA audit of the Business conducted in April 2014;
- q. Obligations to make any payments under the Savannah Airport Lease or the Smyrna Lease other than as provided in the Smyrna Sublease;
- r. Obligations after the Effective Time under (i) the Master Vendor Agreement between the Business and Carts of Colorado, Inc., dated May 1, 2006, except that Buyer shall ship any products for which a purchase order has been accepted prior to June 26, 2014, and (2) the Vendor Agreement between the Business and Channel Partners Group dated February 26, 2014 and March 2, 2014;
- s. Any claim, demand, suit or liability arising in connection with the facsimile received at the Business on June 24, 2014 from Austin Construction Co., alleging payment due for installations in 2010 and 2011, as set forth on Schedule 1.5(s).

1.6 Condition of Purchased Assets.

Except as otherwise expressly provided in this Agreement (including without limitation in Section 4.6) or in documents executed by Seller in connection with the Closing, Seller disclaims and expressly excludes any representation or warranty, express or implied, as to the quality, durability, suitability, condition, design, operation, merchantability or fitness for use or for any particular purpose of the Purchased Assets (or any part or item thereof).

ARTICLE II

CONSIDERATION FOR TRANSFER

2.1 Purchase Price.

The purchase price to be paid by Buyer for the Purchased Assets shall be Three Million Dollars (\$3,000,000.00) (the "Aggregate Purchase Price"), with the Purchased Assets conveyed by Seller to Buyer on a "cash-free" and "debt-free" basis. After the Closing, the purchase price will be adjusted dollar-for-dollar, upward or downward to the extent of any positive or negative variance (respectively) at the time of the Closing from a Net Working Capital range for the Business falling below \$3,853,200 or above \$4,258,800 as of June 30, 2014 ("Projected Net Working Capital") in accordance with Sections 2.4 and 2.5 below. The Aggregate Purchase Price plus or minus the adjustment from the Projected Net Working Capital shall be the final purchase price (the "Purchase Price").

"Net Working Capital" for purposes of determining any purchase price adjustment shall mean the net value of Accounts Receivable less than ninety (90) days old (from date of invoice) plus the value of the net Inventory, minus Accounts Payable, with all other current liabilities arising from Seller's operation of the Business prior to the Effective Time eliminated from the calculation of Net Working Capital as of the Effective Time.

2.2 Payment of Purchase Price.

The Aggregate Purchase Price shall be payable at the Closing in the form of a wire transfer in the amount of \$3,000,000 by Buyer to an account designated by Seller, net of prorations and adjustments contemplated by this Agreement.

2.3 Physical Inventory.

a. The value of the inventory as of the Closing Date shall be determined in accordance with GAAP with reference to a physical inventory to be taken by Seller within five days before the Closing Date and rolled forward to the Closing Date (the "Closing Inventory"). The Closing Inventory shall be taken at Seller's expense, and Seller shall prepare and deliver to Buyer a copy of the Closing Inventory. Buyer and its representatives shall have the right to be present at and observe the taking of the Closing Inventory.

b. The inventory to be taken pursuant to Section 2.3(a) above shall take the following into consideration, and those items described in clauses (i), (ii), and (iii) in this Section 2.3(b) shall not be in such inventory:

(i) Shortages which, for purposes of this section are defined as the net total difference of inventory quantities in the perpetual inventory ledger as compared to actual inventory quantities counted at the Closing Inventory, multiplied by the standard cost of each inventory item;

(ii) Any portion of the raw material inventory that is obsolete and therefore not capable of being utilized in the ordinary course of business;

(iii) Any portion of the inventory that is damaged or is obsolete; and

(iv) All shop floor work-in-process work orders will be validated.

Each item of inventory counted pursuant to the physical inventories shall be valued in accordance with GAAP at Seller's actual cost using a first in, first out basis.

2.4 Closing Statement of Net Working Capital.

Within ninety (90) days following the Closing Date, Buyer, at its cost and expense, shall prepare and deliver to Seller a statement of Net Working Capital as of the Closing Date (the "Closing Date Statement of Net Working Capital"). Such statement shall be prepared in all respects consistent with GAAP and will be prepared using the results of the Closing Inventory. Buyer shall also prepare and deliver to Seller a statement setting forth the calculation of the adjustment from the Projected Net Working Capital, which was calculated as provided above.

2.5 Closing Statements; Settlement of Purchase Price; Dispute Resolution.

Buyer agrees that it will provide Seller, and its auditors and accountants with reasonable access to the data and information on which the Closing Date Statement of Net Working Capital is based. Seller agrees that it will provide Buyer, and its auditors and accountants with reasonable access to the data and information related to the Closing Date Statement of Net Working Capital.

In the event the Seller disagrees with the Closing Date Statement of Net Working Capital, Seller shall, within thirty (30) days following receipt of the said statement, notify Buyer in writing as to Seller's specific objection or objections, detailing the basis for each such objection. Buyer and Seller shall use their commercially reasonable efforts to resolve these objections within five (5) business days following the receipt by Buyer of the Seller's objections to the Closing Date Statement of Net Working Capital. If Buyer and Seller do not reach a final resolution within such period, they shall promptly submit the disputed matters to binding arbitration before a nationally recognized independent accounting firm mutually agreed upon by both of them with one arbitrator. Buyer and Seller shall mutually agree upon the selection of such arbitrator. If the parties are not able to agree, after good faith efforts, each side shall submit the proposed name of one arbitrator, and the nationally recognized accounting firm designated representative shall place two index cards with the Buyer's and Seller's recommended arbitrator, respectively, into a box and, with independent witnesses, draw one index card. In such event, Buyer and Seller agree to appoint the drawn name as the arbitrator of the dispute. Buyer and Seller shall share equally in the cost of such arbitration. The arbitration will concern, and the arbitrator will consider, only those items and amounts in dispute between Buyer and Seller and may not assign or value any item greater than the greatest value for such item claimed by Buyer or Seller, or less than the smallest value for such item claimed by Buyer or Seller. The arbitrator's determination will be based solely on written presentations by Buyer and Seller, and the arbitrator shall not be permitted (absent mutual written agreement of Buyer and Seller to the contrary) to make any independent inquiry. Absent mutual written agreement of Buyer and Seller, or order of the arbitrator, neither Buyer nor Seller shall be permitted to conduct discovery in the manner of a dispute being litigated in a court of competent jurisdiction. Such prohibition shall include without limitation the taking of depositions; the service of written interrogatories, requests for production of documents or requests for admission; and the testimony of live witnesses. The determination of the arbitrator shall be binding and conclusive on the parties as to the items and amounts presented. Buyer and Seller agree that they will instruct the arbitrator to establish a schedule for the arbitration which will allow it to be completed within thirty (30) days after the dispute is first submitted to the arbitrator.

Within two (2) business days of the earlier of (i) Buyer's receipt of Seller's written agreement to the adjustment to the Projected Net Working Capital amount, (ii) the lapsing of the thirty (30) day period within which Seller must object to the Closing Date Statement of Net Working Capital if the Seller has not so objected, or (iii) the final determination of the arbitrator as set forth in the preceding paragraph, either (A) the Buyer shall pay to Seller the adjustment to the Projected Net Working Capital amount if Net Working Capital of the Business on the Closing Date as determined above is in excess of the maximum Projected Net Working Capital or (B) the

Seller shall pay to Buyer the adjustment to the Projected Net Working Capital amount if the Net Working Capital of the Business on the Closing Date as determined above is below the minimum Projected Net Working Capital. In addition, to the extent Buyer has not incurred the liabilities contemplated in Section 1.4(e), such accruals shall be included in the Projected Net Working Capital and shall be returned to Seller.

ARTICLE III

CLOSING

The transfer of the Purchased Assets contemplated by this Agreement (the "Closing") shall be documented at the offices of Standex International Corporation, 11 Keewaydin Drive, Suite 300, Salem, New Hampshire 03079 at 10:00 a.m. by the electronic exchange of executed signature pages on June 30, 2014 (with such date based on historical and Seller sales projections through June 30, 2014); provided however, in the event that Buyer has not procured health insurance coverage for the Transferred Employees by June 30, 2014, Seller shall have the option, in its sole discretion, to continue its current health insurance program to the Business through COBRA at Buyer's expense until such date as Buyer shall procure health insurance coverage, or to extend the Closing Date until such insurance is procured (the "Closing Date"). Upon such consummation, the transfer of the ownership of the Business and the Purchased Assets shall be deemed to be effective and to have occurred as of 11:59 p.m. local time on the Closing Date (the "Effective Time"). On the Closing Date, all transactions shall be conducted substantially concurrently and no transaction shall be deemed to be completed until all are completed.

3.1 Deliveries by Seller to Buyer.

At the Closing, Seller shall deliver to Buyer the following:

- a. A certificate executed by an authorized officer of the Seller certifying as to the continued accuracy of the representations and warranties, the performance and observance of the covenants and the compliance with the conditions precedent contained in Articles IV, VI and IX, respectively, of this Agreement;
- b. A certificate executed by an authorized officer of Seller certifying as to (i) the resolutions of the Board of Directors of Seller authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and that such resolutions have not been amended or rescinded and remain in full force and effect; (ii) the bylaws of Seller as currently in effect; and (iii) the certificate of incorporation of Seller as currently in effect;
- c. Bill of Sale for the items constituting the Purchased Assets, executed by Seller and substantially in the form of Attachment I;
- d. Normal and customary deeds transferring title to the Owned Real Estate listed on Schedule 4.17(b) executed by Seller;
- e. Title insurance policy issued by a title insurance companies authorized to transact business in the state where the respective Owned Real Property is located, showing Buyer as the named insured, covering title to the Owned Real Property as disclosed on Schedule 4.17(b) attached hereto insuring marketable title, subject to the Permitted Exceptions (as set forth on Schedule 4.17(b)), with all standard exceptions (nos. 1-6) deleted including the endorsements to the title insurance policy obtained by Seller in 2007, the cost of such policy or policies to be paid by Seller;

- f. A plat or plats of survey of the Owned Real Property related to the Business made in compliance with the state of Tennessee;
- g. Assignment of all intellectual property rights in forms satisfactory for recording with all applicable agencies, registries and/or offices, executed by Seller and substantially in the forms of Attachment II-A and Attachment II-B;
- h. Assignment of the Savannah Airport Lease, executed by Seller in substantially in the form of Attachment III-A, and a Sublease of Unit 5 of the Smyrna Lease substantially in the form of Attachment III-B, and a consent thereto executed by the landlord of the Smyrna Lease;
- i. Assignment and Assumption Agreement, executed by Buyer and Seller substantially in the form of Attachment IV;
- j. Non-Competition, Non-Solicitation and Confidentiality Agreements executed by Seller and by the Transferred Employees listed on Schedule 9.11 substantially in the forms of Attachment V;
- k. If required by the terms thereof, consents of third parties to assignment of Material Contracts listed on Schedule 4.19(d), Real Property Leases and Personal Property Leases listed on Schedule 4.13(f);
- l. Certificate of Good Standing of Seller, dated as of a date not more than 10 business days prior to the Closing Date, from the jurisdiction of its organization and from each jurisdiction in which it has qualified to do business in connection with the Business;
- m. Uniform Commercial Code, tax and judgment lien search results, prepared by a nationally recognized search provider, dated as of a date not more than 10 business days prior to the Closing Date;
- n. A Transition Services Agreement, executed by Seller and in form acceptable to Seller;
- o. Such other instruments or documents as may be reasonably necessary and satisfactory in form and substance to Buyer to vest Buyer on the Closing Date with good and marketable title to the Purchased Assets and subject to no mortgage, pledge, lien, charge, security interest or other right, interest or encumbrance, to carry out the transactions contemplated hereby and to comply with the terms hereof;
- p. The Consulting Agreement in the form attached as Attachment VI executed by D. Michael Palmer; and
- q. An Assignment of Certain Employee Covenants in the form attached as Attachment VII executed by Seller.

At the Closing, Seller shall take all steps necessary to put Buyer in actual possession and operating control of the Purchased Assets.

3.2 Deliveries by Buyer to Seller

At the Closing, Buyer shall deliver to Seller the following:

- a. A wire transfer of immediately available funds to an account designated by Seller in an amount equal to the Aggregate Purchase Price;

- b. Assumption of the Savannah Airport Lease, substantially in the form of Attachment III-A and the Sublease substantially in the form of Attachment III-B;
- c. Assumptions of Personal Property Leases, substantially in the form of Attachment IV;
- d. Assumptions (if required by Buyer) of all Material Contracts listed on Schedule 4.19(d), substantially in the form of Attachment VI;
- e. A certificate of an authorized officer of Buyer certifying as to the resolutions of the Members of Buyer authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and that such resolutions have not been amended or rescinded and remain in full force and effect;
- f. A certificate of an authorized officer of Buyer certifying as to the accuracy of the representations and warranties, the performance and observance of the covenants and the compliance with the conditions precedent contained in Articles V, VII and X, respectively of this Agreement;
- g. A Transition Services Agreement, executed by Buyer and in form acceptable to Buyer; and
- h. Such other instruments or documents as may be reasonably necessary and satisfactory in form and substance to Seller for assumption of liabilities and obligations and in order to carry out the transactions contemplated hereby and to comply with the terms hereof.

3.3 Payment of Taxes and Other Charges; Proration.

Buyer and Seller shall equally share the obligation to pay all transfer taxes, charges and fees in connection with the transactions contemplated hereby (other than the Seller's income taxes or capital gains taxes, which shall be paid by Seller, and any sales tax, which shall be paid solely by Buyer) and jointly prepare and file any returns and other filings relating to any such taxes, fees, charges or transfers. Seller shall be responsible for any and all taxes related to Seller's income or capital gains including such taxes arising out of the sale contemplated by this Agreement.

Further, Buyer and Seller shall equally share the obligation to pay (a) expenses of any filings necessary with the United States Patent and Trademark Office to transfer the Purchased Assets to Buyer, (b) any expenses incurred to transfer to Buyer UL and NSF certifications used in connection with the Business, and (c) the purchase price for the motor vehicles described in Section 1.3(g).

Buyer and Seller shall prorate as of the Closing Date the responsibility for payment of real and personal property lease payments, property Taxes or ad valorem Taxes on any of the Purchased Assets, utilities services expenses on all utilities servicing any of the Purchased Assets, including water, sewer, telephone, electricity and gas service, and all other expenses which are normally prorated upon the sale of assets of a going concern.

The parties acknowledge that ad valorem Taxes for the year of Closing have been prorated at the Closing using the amount of the taxes for 2013 and when actual taxes for 2014 are available, a corrected proration of taxes shall be made. All utility charges shall be prorated as of the Closing Date based on the last available bills with respect thereto, subject to adjustment after the Closing upon receipt of new bills. Employee wages shall be prorated with Seller responsible for its pro rata portion of any wages payable after the Effective Time to the extent earned prior to the Effective Time. A party shall pay the amount due to the other party any amount due under this paragraph within ten days after notification by the other party that such adjustment is necessary.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer, as of the date hereof and as of the Closing Date, except as modified by the Schedules that are referred to in this Article IV, as follows:

4.1 Authority.

Seller has full legal right, power and authority to execute and deliver this Agreement and the other documents being executed in connection herewith, and to carry out the transactions contemplated hereby and thereby. All corporate and other actions required to be taken by Seller to authorize the execution, delivery and performance of this Agreement and the other documents being executed in connection herewith and all transactions contemplated hereby and thereby have been duly and properly taken. No governmental authorization is required in connection with Seller's authorization, execution, delivery and performance of this Agreement and the other documents being executed in connection herewith and the transactions contemplated hereby and thereby.

4.2 Validity.

This Agreement and the other documents to be delivered at the Closing have been, or will be prior to their delivery, duly executed and delivered and are, or will be the lawful, valid and legally binding obligations of Seller enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (i) will not result in the creation of any lien, charge or encumbrance on the Purchased Assets or the Business or the creation of a right of acceleration of any indebtedness or other obligation of the Seller or the Business, (ii) will not restrict the ability of Buyer to carry on the Business as currently conducted, and (iii) are not prohibited by, do not require any consent under, do not violate or conflict with any provision of, and will not result in a default under:

- a. The charter, documents of incorporation or by-laws or similar organization or governance documents of Seller;
- b. Any material contract, agreement or other instrument to which Seller is a party;
- c. Any applicable regulation, order, writ, decree or judgment of any court or governmental agency; and
- d. Any Law applicable to Seller or the Business.

The instruments of transfer delivered to Buyer are valid in accordance with their terms and in proper form and substance to effectively transfer to Buyer good and marketable title to the Purchased Assets.

4.3 Due Organization.

Seller is a corporation incorporated and validly existing and in good standing under the Laws of the jurisdiction of its organization or incorporation as set forth in the preamble to this Agreement. Seller has all necessary power and authority and all material requisite licenses, permits and franchises to own, operate or lease its properties and to carry on the Business.

Seller is duly licensed and qualified to do business as a corporation and is in good standing in Tennessee and in all other states and other jurisdictions where, by the nature of the Business or the character or location of the property or personnel of the Business require such qualification, except where a failure to so qualify would not be reasonably expected to have a Material Adverse Effect.

4.4 Interim Change.

Since April 30, 2014, the Seller has conducted the Business in the ordinary course of business and there has not been:

- a. Any change in the financial condition, assets, liabilities, personnel, properties or results of operations of Seller or in its relationships with suppliers, customers, distributors, lessors or others that would cause a Material Adverse Effect;
- b. Any material damage, destruction or loss affecting the Purchased Assets;
- c. Any forgiveness or cancellation of any material debts or claims, or waiver of any rights;
- d. Any increase in the compensation, commission, annual incentive or other form of remuneration payable to or to become payable by Seller to any of its officers or salaried employees of the Business except as disclosed on Schedule 4.4;
- e. Any adoption of, or increase in the payments to or benefits under, any profit sharing, annual incentive, deferred compensation, savings, insurance, pension, retirement, or other employee benefit plan for or with any employees of the Seller in connection with the Business;
- f. Any disposition by Seller of any property, right or other Purchased Asset of the Business, except dispositions of Inventory in the usual and ordinary course of the Business;
- g. Any advancements to or investments in or transfer of assets to any Affiliate;
- h. Any amendment or termination of any material contract, agreement or license or of any lease of real or personal property other than in the ordinary course of business;
- i. Change in the accounting methods used by the Seller in connection with the Business;
- j. Acquisition of assets by the Seller in connection with the Business other than in the ordinary course of the Business;
- k. Change in the material terms of any Material Contracts;
- l. Any event or condition of any character which, either individually or in the aggregate that would cause a Material Adverse Effect to the Business or the Purchased Assets;
- m. Any default under or notice of default under any Material Contracts; or
- n. Any agreement, whether oral or written, by the Seller to do any of the foregoing.

4.5 Purchased Assets.

Seller is the sole and exclusive legal and equitable owner of all right in and has good, marketable and indefeasible title or right, as the case may be, to all of the Purchased Assets which are identified in Section 1.2 hereto, free and clear of any mortgage, pledge, charge, lien, claim, right, security interest, encumbrance,

covenant, or restriction of any kind or nature, direct or indirect, whether accrued, absolute, contingent or otherwise, except only those encumbrances or restrictions as specifically set forth in Schedule 4.5 or in the title commitments for the Owned Real Property.

The execution of this Agreement and the performance of the covenants herein contemplated will not result in the creation of any lien, charge or encumbrance upon any of the assets or properties of Seller, the Purchased Assets or the Business pursuant to any indenture, agreement, industrial development bond or otherwise.

4.6 Condition of Purchased Assets.

The buildings, plants, structures, machinery, tools, dies, furniture, fixtures, equipment and other tangible personal property of the Business are structurally sound and are in good and serviceable operating condition and repair, ordinary wear and tear excepted. None of such buildings, plants, structures, machinery, tools, dies, furniture, fixtures or equipment is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The Purchased Assets (a) constitute all of the assets used by the Seller in connection with the operation of the Business and (b) are sufficient for the continued conduct of the Business by the Buyer after the Closing in the same manner as conducted prior to the Closing.

4.6A Financial Statements.

The financial statements attached to Schedule 4.6A are true, correct, and complete copies of the balance sheet and income statement of the Business for the fiscal year ended June 30, 2013; the unaudited balance sheet as of May 31, 2014 (the "Interim Balance Sheet"); and the related unaudited income statement of the Business for the eleven months ended May 31, 2014 (collectively, the "Financial Statements"). The Financial Statements present fairly the financial condition and results of operations of the Business, as applicable, as of the respective dates and for the periods referred to in such Financial Statements, all in accordance with GAAP, except as set forth on Schedule 4.6A. The Financial Statements reflect the consistent application of such accounting principles throughout the periods involved. The Financial Statements have been prepared from and are in accordance with the accounting records of the Business, as applicable.

4.7 Accounts Receivable.

All outstanding Accounts Receivable reflected on Schedule 1.2(a) were, and the Accounts Receivable included among the Purchased Assets will be, due and valid claims against customers for goods or services delivered or rendered in the ordinary course of the Business and will be collectible in the aggregate face value thereof within 90 days of their respective due dates in the ordinary course of the Business, except as reserved against in accordance with GAAP as set forth on Schedule 1.2(a), in a manner consistent with prior practice. To Seller's Knowledge, there is no contest, claim, or right of set-off, other than returns in the ordinary course of the Business, with any obligor of an Account Receivable relating to the amount or validity of such Account Receivable.

4.8 Inventory.

All Inventories are properly valued at Seller's actual cost on a first-in, first-out basis in accordance with GAAP. All Inventories contain no material amounts that are not of good and merchantable quality, are salable and usable for the purposes intended in the ordinary course of the Business, and meet the current standards and specifications of the Business and are at levels adequate, but not excessive, in relation to the circumstances of the Business and in accordance with past inventory stocking practices. All obsolete, slow-moving or below standard quality Inventory is reflected on the Financial Statements at no more than its realizable market value as of the date of such statements. All Inventories disposed of subsequent to April 30, 2014 have been disposed of in the ordinary course of the Business and at prices and under terms that are normal and consistent with past practice. All of the Inventories are located on the Purchased Real Property.

4.9 Liabilities.

Except to the extent specifically disclosed in this Agreement, Seller does not have, and as of the Closing Date Seller will not have, any liabilities, obligations or indebtedness of any nature related to the Business. From the date hereof until the Closing Date, Seller will not incur indebtedness of any nature related to the Business or the Purchased Assets, except in the ordinary course of business. No Person has the power on behalf of Seller to confess judgment against the Business or the Purchased Assets.

4.10 Taxes.

All Federal, state and local Tax returns and all employment Tax returns and unemployment Tax returns required to be filed by Seller, including but not limited to payroll Taxes and Tax deductions, have been filed or will be filed in a timely manner or appropriately extended and such returns have been complete and accurate. Except as disclosed on Schedule 4.10, there are no agreements, waivers, ruling requests or other arrangements providing for an extension of time with respect to the assessment of any Tax or deficiency against Seller or the Business, nor are there any actions, suits, proceedings, investigations or claims now pending against the Business in respect of any Tax or assessment or any matters under discussion with any Federal, state, local or foreign authority relating to any Taxes or assessments asserted by any such authority. Adequate provision has been made for Taxes payable for the current period for which Tax returns are not yet required to be filed. All Taxes due and payable have been paid or payment deadlines properly extended as listed on Schedule 4.10. Seller has made provision for the payment of all Taxes for which Seller has received an assessment but that are not yet due and payable.

4.11 Intellectual Property.

Schedule 4.11 contains a complete and correct list and summary description of all registered patents, trademarks, trademark rights, trade names, trade name rights, service marks, copyrights, and licenses or other agreements relating to any of the foregoing, which are held by Seller or otherwise utilized in the Business. Seller has not licensed any other Person or granted any rights to any Person with respect to these items, nor is Seller, to its Knowledge, infringing upon any intellectual property rights of others with respect to the manner in which the Business is presently conducted. Seller has not received any notice of any such infringement, and has no Knowledge of any patent, invention or copyright which would infringe upon, or be infringed by any of the foregoing or render obsolete or adversely affect the manufacture, distribution or sale of products or services relating to the Business. All fees and charges to maintain the patents and trademarks set forth on said Schedule 4.11 have been timely paid.

4.12 Trade Secrets, Proprietary Information and Know-How.

All material information in the nature of trade secrets or proprietary information owned by Seller, including software, copyrighted material, electronic data processing systems, program specifications and technical information, if any, relating to the Business (all individually and collectively referred to as "Proprietary Information") is documented and in the possession of the Business. Seller has no Knowledge of any violation of such trade secret rights or copyrights with respect to such Proprietary Information.

4.13 Personal Property Leases.

Schedule 4.13 contains a complete and correct list and summary description of all Personal Property Leases used in the Business. Seller is not a party to or bound to any material leases for personal property relating to the Business except the Personal Property Leases referred to in this Section. With respect to the Personal Property Leases:

- a. Such Personal Property Leases are in full force and effect and are valid, binding and enforceable in accordance with their respective terms as to Seller, and as to Seller's Knowledge, as to any other party thereto;
- b. No amounts payable under any such Personal Property Lease are past due;
- c. Each party thereto has complied with all material commitments and obligations on its part to be performed or observed under each of the Personal Property Leases;
- d. Seller is not in default and Seller has not received any notice of default (other than defaults which have been waived or cured) under any Personal Property Lease, or any other communication calling upon Seller to comply with any provision of any such Personal Property Lease or asserting noncompliance, and, except for events and conditions which have been waived or cured, no event or condition has happened or exists which constitutes a material default under any Personal Property Lease;
- e. Except as disclosed on Schedule 4.13, there does not exist any security interest, lien or encumbrance of others (excluding the lessor) created or suffered to exist on the leasehold interests created under any Personal Property Lease; and
- f. Except as listed on Schedule 4.13(f), the assignment of any such Personal Property Lease to Buyer without notice to, or consent or approval of, any party will not constitute a breach of, or default under, any Personal Property Lease. Seller's post-Closing Date delivery of Personal Property Lease assignments shall not restrict Buyer's ability to use the assets protected by the Personal Property Leases.

4.14 Motor Vehicles.

All motor vehicles and other transportation equipment owned or used by Seller in connection with the Business, whether owned or leased, are listed on Schedule 4.14 except vehicles and equipment not included in the Purchased Assets.

4.15 Employees/Employee Benefits.

Schedule 4.15 contains (a) a list of all incentive arrangements and other written arrangements or understandings of Seller with respect to employees of the Business, other than at-will employees; (b) a complete and accurate list, as of June 15, 2014, of the name, job title (to the extent applicable), and current rate of compensation for each employee of Seller who works in the Business (the "Business Employees"); and (c) a list of the employees terminated by the Seller during the 90-day period prior to the date hereof. Except as set forth in Schedule 4.15, to Seller's Knowledge, no employee with annual compensation in excess of fifty thousand dollars (\$50,000) has any plans to terminate employment with the Seller. There are no controversies pending or, to the Knowledge of Seller, threatened controversies that would affect the ability of the Business to operate consistent with periods prior to June 30, 2014 involving any employee of the Seller. Except as set forth on Schedule 4.15, Seller is in compliance in all material respects with all applicable federal, state and municipal Occupational Safety and Health Laws concerning or affecting employees of Seller. Except as set forth on Schedule 4.15, none of the Business Employees, is on a leave of absence, or absent from work due to workers' compensation, disability or layoff or for any other reason other than the taking of accrued vacation time off in accordance with Seller's past practices.

Except as set forth on Schedule 4.15, as it relates to the Business, Seller has not been since June 30, 2013 or is, subject to any adverse rulings, findings or determinations of unlawful employment practices or violations of other related statutes, and Seller has not received any written notice of any pending or threatened investigation,

proceeding, labor dispute or litigation relating to any unlawful employment practice claim or claims or violations of other related statutes, executive orders or administrative determinations or regulations.

4.16 Litigation.

Except as set forth in Schedule 4.16, Seller is not engaged in or a party to any suit, claim, action or proceeding before or by any Federal, state, local or other governmental court, department, commission, board, agency or instrumentality, domestic or foreign ("Proceedings"), nor are any such Proceedings threatened to the Knowledge of Seller which relate to the Business or the Purchased Assets and no such Proceeding has been overtly threatened. Seller is not subject to any order, writ, injunction or decree of any court, domestic or foreign, or any federal agency or instrumentality, and Seller is not in default with respect to any order of any state or local department, commission, board, agency or instrumentality.

4.17 Title to Facilities; Encumbrances.

Real Property Leases. Schedule 4.17(a) hereto sets forth a complete description of each Real Property Lease of each facility related to the Business leased or subleased by Seller including identification of the relevant lease or sublease and a street address. Seller has heretofore delivered to Buyer true and complete copies of all Real Property Leases. All Real Property Leases are legally valid and binding and in full force and effect, and there are no defaults, offsets, counterclaims or defenses thereunder on the part of Seller or to Seller's Knowledge, on the part of any other party thereto. Seller has not received any notice of any default, offset, counterclaim or defense under any of the Real Property Leases. With respect to each Real Property Lease:

- a. No amount payable under any such lease is past due;
- b. Seller has complied with all material commitments and obligations on its part to be performed or observed under each such lease;
- c. Seller has not received any notice of default (other than defaults which have been waived or cured) under any Real Property Lease or any other written communication asserting noncompliance and, except for events, and conditions which have been waived or cured; and
- d. Except as set forth on Schedule 4.17(a), there does not now exist any security interest, lien, encumbrance or claim of others (excluding the lessor) created or suffered to exist on the leasehold interest created under any Real Property Lease.

None of the rights of Seller under any of the Real Property Leases will be impaired by the consummation of the transactions contemplated by this Agreement. Seller will obtain prior to Closing, and will deliver to Buyer at the Closing, all consents or approvals of any parties required in connection with the assignment of the Real Property Leases to Buyer.

Each Real Property Lease grants the Seller the exclusive right to occupy the demised premises thereunder, and the Seller enjoys peaceful and undisturbed possession under each such Real Property Lease.

Owned Real Property. Schedule 4.17(b) contains a complete and accurate list of each Facility comprising the Owned Real Property. Seller owns the Owned Real Property with good, marketable and insurable title subject only to the matters permitted by the following. None of the Owned Real Property is subject to any rights of way, building use restrictions, exceptions, easements, variances, reservations, or limitations of any nature except (a) liens for current taxes not yet due, or (b) minor imperfections of title, if any, none of which is substantial in amount, detracts from the value or impairs the use of the Owned Real Property, or impairs the operations of the Seller, and zoning Laws and other land use restrictions that do not impair the present use of the property subject thereto, or (c) as set forth in the existing title insurance policies or commitments and

ALTA surveys. Except as disclosed in the title commitments and as shown on ALTA surveys neither the whole nor any portion of any of the Facilities has been condemned, requisitioned or otherwise taken by any public authority and no notice of any such condemnation, requisition or taking has been received by Seller.

Seller has not received written notice of non-compliance with any applicable Laws or any zoning laws relating to its use of the Purchased Real Property that has not been cured. No notice of the violation of any such Law or private restriction has been received by the Seller.

The Owned Real Property, the real property subject to the Savannah Airport Lease and the real property subject to the Smyrna Sublease (the "Purchased Real Property"), and the improvements, buildings and structures thereon (the "Improvements"), (a) constitute all of the real property used by the Seller in the conduct of the Business and (b) may continue to be used after the Closing for the operation of the Business as currently operated by the Seller.

To the Seller's Knowledge, there are no pending, threatened, or contemplated condemnation, expropriation or other Proceedings (nor to Seller's Knowledge is there any basis for any such action) affecting the Purchased Real Property, or any part thereof, or of any assessments made or, to Seller's Knowledge, threatened with respect to the Purchased Real Property or any part thereof, or of any sales or other disposition of the Purchased Real Property, or any part thereof, in lieu of condemnation.

The Seller does not own or hold, and is not obligated under or a party to, any option, right of first refusal or other contractual right to purchase, acquire, sell or dispose of the Purchased Real Property, or any portion thereof or interest therein.

To Seller's Knowledge, and except as disclosed, all of the Improvements are structurally sound and are free from material and overt defects, in need of material repairs relating to pest infestation or material damage. Except as disclosed in title commitments provided to Buyer, no Improvement encroaches upon any other real property, and there are no encroachments by other buildings or improvements onto the Purchased Real Property.

All of the Purchased Real Property and all of the Improvements are serviced by all utilities, including water, sewage, gas, electricity and telephone based on the Seller's current use of the Purchased Real Property and the Improvements. All of the Owned Real Property is accessible by public roads and, to the Seller's Knowledge, no fact or condition exists that would result in the termination of the current access from the Owned Real Property to any presently existing highways and roads adjoining or situated on the Owned Real Property. The Seller does not owe any money to any architect, contractor, subcontractor or materialmen for labor or materials performed, rendered or supplied to or in connection with the Purchased Real Property, and there is no construction or other improvement work being done at nor are there any construction or other improvement materials being supplied to the Purchased Real Property.

The Seller has not received information or notice from any insurance company or board of fire underwriters requesting the performance of any work or alteration with respect to the Purchased Real Property, or requiring an increase in the insurance rates applicable to the Purchased Real Property outside of the ordinary course of the Business.

4.18 Related Party Interests.

Except as disclosed in Schedule 4.18, no Seller Affiliate (defined below) nor any officer or director of Seller or any Seller Affiliate:

- a. has any cause of action or other claim whatsoever against or owes any amount to, or is owed any amount by, the Business;

- b. has any interest in or owns any property or right used in the conduct of the Business or any Purchased Asset; or
- c. is a party to any contract, lease, agreement, arrangement or commitment with Seller used in or related to the Business or any Purchased Asset.

All affiliated entities of Seller (i.e., those directly or indirectly controlled by, or under common control with, Seller), (collectively referred to as "Seller Affiliates") which own any property used by Seller in the conduct of the Business or which have received from or furnished to Seller any goods or services (whether with or without consideration) or performed any service for or in connection with the Business are identified in Schedule 4.18, together with a general description of their dealings with Seller or the Business and the basis upon which such goods and services have been charged or paid to it.

4.19 Material Contracts.

a. All contracts, agreements, instruments, plans and leases (other than those entered into after the date hereof with the written consent of Buyer) related to the Business (i) to which Seller is a party or bound in excess of \$10,000 in value, (ii) by which any of its properties are subject or bound in excess of \$10,000 in value or (iii) under which Seller as related to the Business has or may receive payments or acquire rights or benefits in excess of \$10,000 in value, which are not listed on Schedule 1.2(a), (collectively, the "Material Contracts") are listed on Schedule 4.19(a) attached hereto. The Seller has heretofore delivered to the Buyer true and complete copies of all written Material Contracts.

b. Except as set forth in Schedule 4.19(b), (a) all Material Contracts are valid and binding in accordance with their terms and are in full force and effect and (b) Seller is not, nor to the Seller's Knowledge is any other party to any Material Contract, in breach of any provision of, in violation of, or in default under the terms of any Material Contract.

c. No event has occurred or, to Seller's Knowledge, no circumstance exists that (with or without notice or lapse of time) would contravene, conflict with, or result in a violation or breach of, or give the Seller or the other Person party thereto the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate, or modify, any Material Contract. The Seller has not given to or received from any other Person any notice or other communication (whether oral or written) regarding any actual, alleged, possible, or potential violation or breach of, or default under, any Material Contract.

d. Except as set forth in Schedule 4.19(d), each Material Contract may be assigned to Seller without the consent of any other party to such Material Contract. Except as set forth in Schedule 4.19(d), the computer hardware and software and related licenses and existing documentation thereof, including all electronic data processing equipment, computer software, all systems regulating, controlling or monitoring equipment, program specifications, record file layouts, diagrams, functional specifications and narrative descriptions, flow charts and other related materials which are disclosed on Schedule 1.2(q), (i) is owned by Seller, and (ii) may be assigned to Buyer without any payments to third parties.

No Material Contract will upon completion or performance thereof have a Material Adverse Effect on the Purchased Assets or the Business.

4.20 Products.

There are no defects about which Seller is aware in the design, construction, manufacturing, support or installation of any of the products made, manufactured, constructed and distributed or sold, by the Seller in connection with the Business (collectively, the "Products") that would adversely affect the performance or

quality of any such Product. The Products have been designed and manufactured in compliance with all regulatory, engineering, industrial and other codes applicable thereto, and there are no statements, citations or decisions by any Governmental Authority or any product-testing laboratory that indicate that any Product is unsafe or fails to meet any standards promulgated by such Governmental Authority or testing laboratory. The Seller has not recalled any Product or received notice of any defect in any Product, any claim of personal injury, or claim of death, or property or economic damages in connection with any Product, or any claim for injunctive relief in connection with any Product. To the Knowledge of Seller, there are no facts that are reasonably likely to give rise to a recall of any Product or to give rise to a successful future claim of personal injury, death, or property or economic damages, or a claim for injunctive relief in connection with any Product. No Products, contain asbestos, asbestos-containing material, mercury, mercury containing material, PCBs or PCB containing material.

4.21 Compliance with Law.

All licenses, permits, approvals, franchises and other authorizations required by any governmental authority to operate all or any portion of the Business ("Permits") have been obtained, are in full force and effect, except for Permits that are not material to the Business or Seller's ability to own and conduct the Business. Seller is in compliance in all material respects with (a) all Laws applicable to the Business and applicable to the Material Contracts and (b) all Permits of the Business. The Seller is not liable for the payment of any compensation, damages, taxes, fines, penalties, or other amounts, however designated, for a failure to fully comply with any such Law or Permits related to the Business.

4.22 Environmental Matters.

As it relates to the Business or the Purchased Real Property, Seller is not in violation of any judgment, decree, order, Law, license, rule or regulation pertaining to environmental matters including those arising under the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, the Federal Water Pollution Control Act, the Federal Clean Air Act, the Toxic Substances Control Act or any United States, federal, state or local statute, rule, regulation, ordinance, order or decree relating to health, safety or the environment, ("Environmental Laws"), except as disclosed on Schedule 4.22.

As it relates to the Business or the Purchased Real Property, Seller has not received notice from any third party including without limitation, any federal, state or local governmental or quasi-governmental or administrative authority:

- a. that it has been identified by the United States Environmental Protection Agency as a potentially responsible party under CERCLA;
- b. that any hazardous waste, as defined by 42 U.S.C. Section 6903(5), any hazardous substances, as defined by 42 U.S.C. Section 9601(14), any pollutant or contaminant, as defined by 42 U.S.C. Section 9601(33), or any toxic substance, hazardous materials, oil petroleum distillates, components or by-products, or other chemicals or substances regulated by any Environmental Laws ("Hazardous Substances") that it has disposed of has been found at any site at which a federal or state agency is conducting a remedial investigation or other action pursuant to any Environmental Law except as disclosed on Schedule 4.22; or
- c. that it is or shall be a named party to any claim, action, cause of action, complaint or legal or administrative proceeding (in each case, contingent or otherwise) arising out of any third party's incurrence of costs, expenses, losses or damages of any kind whatsoever in connection with the release of Hazardous Substances.

4.23 Warranties.

Schedule 4.23 hereto contains (a) an accurate and complete statement of all warranties, warranty policies, service, subscription and maintenance agreements of the Business, (b) the warranty experience of the Seller in connection with the Business since June 30, 2012 and (c) all open warranty claims with respect to products of the Business. No Products previously sold and delivered by the Business are subject to any guarantee, warranty, claim for product liability, or patent or other indemnity other than those sold and delivered in accordance with the standard terms and conditions of sale of the Business. To the Knowledge of Seller, there exists no circumstance that, after notice or the passage of time or both, would create or result in liabilities under existing warranties given by the Seller in excess of the reserve therefore on the Interim Balance Sheet.

4.24 Powers of Attorney; Guarantees.

Except as disclosed in Schedule 4.24, Seller has not granted any powers of attorney with respect to the Business or its assets or guaranteed any obligations or liabilities of any other Person or entity regarding the Business.

4.25 Bulk Sales Act.

Seller has requested and Buyer has agreed to waive any compliance required of Seller with respect to the applicable Bulk Sales Act(s) or statutes. In exchange for said waiver, Seller shall indemnify Buyer from and against any and all claims, actions, causes of action, liabilities or judgments which may be asserted, or recovered against Buyer, by reason of Buyer's waiver or Seller's non-compliance with applicable Bulk Sales legislation.

4.26 Consents and Approvals.

Other than in connection with approvals by Board of Directors of Seller, there are no consents, approvals, orders or authorizations of any Persons or governmental authorities (or registrations, declarations, filings or recordings with any such authorities) required in connection with the completion of any of the transactions contemplated by this Agreement, the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, other than the lessors under the leases described in Schedules 4.13 and 4.17(a).

4.27 Insurance.

Seller maintains such policies of insurances, issued by responsible insurers, as are appropriate to the Business, its property and the Purchased Assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets carried on in a comparable manner; all such policies of insurance are in full force and effect and Seller is not in default, whether as to the payment of premium or otherwise, under the terms of any such policies.

4.28 Suppliers.

To the Seller's Knowledge, the relationships of the Seller with each of its material suppliers relating to the Business are good working relationships, and no such supplier of the Business has cancelled or otherwise terminated, or threatened in writing to cancel or otherwise terminate, its relationship with the Business. Schedule 4.28 sets forth the names of the ten largest suppliers to the Business in the last twelve months by dollar volume of purchases.

4.29 Customers.

To the Seller's Knowledge, no customer is likely to terminate or materially reduce its relationship with the Business. Schedule 4.29 sets forth the names of the ten largest customers of the Business in the last 24 months by dollar volume of sales.

4.30 Certain Payments.

The Seller has not, and no director, officer, agent or employee of the Business nor any other Person associated with or acting for or on behalf of the Business has, directly or indirectly, made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property or services for or in respect of the Business that is in violation of any Law, could subject the Seller to any damage or penalty in any Proceeding or could have a Material Adverse Effect.

4.31 Brokers.

Seller has not retained any broker or finder or incurred any liability or obligation for any brokerage fees, commissions or finders' fees with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the first sentence of this Section, in the event that Seller has engaged or is liable for the services of a broker in connection with this Agreement or the transactions contemplated hereby, Seller agrees to be solely liable for payment of any fee or obligation to such broker, and to protect, defend, indemnify and hold harmless Buyer from any liability arising from such broker or finder.

4.32 Employee Benefit Plans.

Schedule 4.32 sets forth a true and complete list of all Employee Benefit Plans provided for the benefit of Business Employees ("Business Benefit Plans"), and Schedule 4.32 specifies which Benefit Plans Buyer will assume. There is no defined benefits "multiemployer plan," as defined in Section 3(37) of ERISA, under which any Business Employee has any present or future right to benefits. Seller has provided copies of all Business Benefit Plans, as amended, and copies of IRS Forms 5500 and PBGC Forms 1, as filed with the applicable Governmental Authority for the three (3) most recently completed plan years, for all Business Benefit Plans that are required by applicable law to file same, to Buyer.

Seller has no liability under any Business Benefit Plan other than (i) those liabilities listed on Schedule 4.32, (ii) normal salary or wage accruals, and (iii) paid vacations, sick leave and holiday accruals in accordance with Seller's past practice and policy. Seller has performed all obligations required to be performed under the Business Benefit Plans, and the Business Benefit Plans are in compliance with all applicable requirements of ERISA, the Code, and other applicable laws and have been administered in all material respects in accordance with their terms. No breach of fiduciary duty has occurred or is occurring with respect to any Business Benefit Plan. To the Knowledge of Seller, there is no asserted, threatened, or unasserted claim of breach of fiduciary duty involving any Business Benefit Plan. Each Business Benefit Plan that is intended to be qualified within the meaning of Section 401 of the Code has received a favorable determination letter as to its qualification, and nothing has occurred, or has failed to occur, that could reasonably be expected to adversely affect such qualification. There are no pending audits or investigations by any Governmental Authority, termination proceedings or other claims (except routine claims for benefits payable under the Business Benefit Plans), litigation, or other proceedings against or involving any Business Benefit Plan. None of the Business Benefit Plans are "defined benefit plans," as defined in Section 414(j) of the Code or Section 3(35) of ERISA.

4.33 UL and NSF

All UL and NSF certifications used by Seller in connection with the Business are listed on Schedule 4.33 (the "Certifications"). At the Effective Time, Buyer shall be entitled to use the Certifications.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows:

5.1 Authority.

Buyer has full legal right, power and authority to execute and deliver this Agreement and the other documents being executed in connection herewith, and to carry out the transactions contemplated hereby and thereby. All corporate and other actions required to be taken by Buyer to authorize the execution, delivery and performance of this Agreement and the other documents being executed in connection herewith and all transactions contemplated hereby and thereby have been duly and properly taken.

5.2 Validity

This Agreement and the documents to be delivered at the Closing have been, or will be prior to their delivery, duly executed and delivered by Buyer and are, or will be, the lawful, valid and legally binding obligations of Buyer, enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in the creation of any lien, charge or encumbrance or the acceleration of any indebtedness or other obligation of Buyer and are not prohibited by, do not require any consent under, do not violate or conflict with any provision of, and do not result in a default under or a breach of:

- a. Buyer's charter or by-laws;
- b. Any contract, agreement or other instrument to which Buyer is a party;
- c. Any regulation, order, decree or judgment of any court or governmental agency; or
- d. Any Law applicable to Buyer.

5.3 Due Organization.

Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of its state of organization as set forth in the preamble to this Agreement, with full power and authority to own or lease its properties and to carry on the business in which it is engaged.

5.4 Brokers

Except as set forth in Schedule 5.4, Buyer has not retained any broker or finder or incurred any liability or obligation for any brokerage fees, commissions or finders' fees with respect to this Agreement or the transactions contemplated hereby. In the event that Buyer has engaged the services of a broker in connection with this

Agreement or the transactions contemplated hereby, Buyer agrees to be solely liable for payment of any fee or obligation to such broker, and to protect, defend, indemnify and hold harmless Seller from any liability arising from such broker or finder.

5.5 No Outside Reliance.

In entering into this Agreement and consummating the transactions contemplated hereby, Buyer has not relied and is not relying upon any statement or representation of Seller not otherwise made (A) in this Agreement (including the schedules), or (B) certificates, agreements or other documents delivered to Buyer at, or in connection with, the Closing.

5.6 Litigation.

There are no actions, suits or proceedings pending or, to Buyer's knowledge, threatened against Buyer or any material properties of Buyer, before any court, arbitrator, or administrative or governmental body which questions or challenges the validity of this Agreement or any action proposed to be taken by Buyer pursuant to this Agreement or the transactions contemplated hereby.

5.7 Financing.

At the Closing, there shall be no financing contingencies to which Buyer's obligation to complete the transaction contemplated by this Agreement is subject. Buyer agrees to use its commercially reasonable efforts to obtain financing sufficient to consummate the transactions contemplated hereunder, and to supply Seller with proof of such financing, no later than June 25, 2014.

5.8 Solvency.

Immediately after giving effect to the transactions contemplated by this Agreement, Buyer shall be able to pay the obligations of the Business as they become due, and shall have adequate capital to carry on the Business.

ARTICLE VI

COVENANTS OF SELLER

Seller hereby agrees to keep, perform and duly discharge the following covenants:

6.1 Interim Conduct of Business.

Except as contemplated by this Agreement, during the period from the date of this Agreement to and including the Effective Time (or such earlier date this Agreement may be terminated in accordance with this Agreement), Seller shall cause the Business to conduct its operations in the ordinary course of business. Seller will not dispose of or transfer any of the Purchased Assets other than Inventory in the ordinary course of business.

Between the date hereof, and the Effective Time, Seller shall operate the Business for the benefit of Buyer. Seller covenants that it will continue to operate the Business in the same manner as it operated the Business prior to the Closing Date, and with the same care and attention as it operated the Business prior to the Closing Date. Seller agrees that it will take no action outside the ordinary course of business between the date hereof and the Effective Time, will consult with the Buyer with respect to any significant decisions regarding the Business, and will permit Buyer full access to the management of the Business for any purposes related to its operations. Seller shall use commercially reasonable efforts to preserve its relationships with all material customers, suppliers and others with whom the Seller deals in connection with the Business, to keep available

the services of its officers and employees related to the Business and to maintain the Purchased Assets in substantially the condition currently existing, normal wear and tear excepted. Except as otherwise expressly permitted by this Agreement, between the date hereof and the Effective Time, there shall be no change in the terms of any Material Contracts or other material documents included in the Purchased Assets, except as consented to in writing by the Buyer which consent shall not be unreasonably withheld or delayed.

6.2 Access to Information.

From the date hereof until the Effective Time, Seller shall (i) furnish such other information regarding the operations, business and financial condition of the Business or the Purchased Assets that Buyer may reasonably request, including but not limited to true and correct copies of the books of account and financial statements of Seller related to the Business, (ii) cooperate fully in responding to any questions regarding the Business, and in providing such assistance as is necessary to facilitate the transition of ownership of the Business to Buyer and (iii) afford the Buyer and its authorized representatives reasonable access, during normal business hours and upon reasonable notice, to the Purchased Real Property and other assets and facilities owned or used by the Seller in connection with the Business including such access as is necessary to conduct walk through environmental investigations (specifically excluding any Phase II testing unless Seller approves in writing) and only upon accompaniment by Seller. Prior to the Closing Date, Buyer and its representatives shall not contact or communicate with the customers and suppliers of the Business in connection with the transactions contemplated by this Agreement except with the prior consent of Seller. Buyer acknowledges that it remains bound by the Confidentiality Agreement, dated February 14, 2014 previously entered into between Buyer and Seller (the "Confidentiality Agreement").

6.3 Continued Assistance

Following the Closing Date, Seller shall refer to Buyer, as promptly as practicable, any telephone calls, letters, orders, notices, requests, inquiries and other communications Seller receives relating to the Business. From time to time following the Closing Date, at Buyer's request and without any further consideration, Seller shall execute, acknowledge and deliver such additional documents, instruments of conveyance, transfer and assignment or assurances and take such other action as Buyer may reasonably request to more effectively assign, convey and transfer to Buyer any of the assets, properties, rights or claims of the Business included in the Purchased Assets.

6.4 Non-Competition.

Seller acknowledges that in order to assure the Buyer that it will retain the value of the Business as a "going concern," the Seller agrees not to utilize its knowledge of the operations of the Business and its relationship with customers, suppliers and others to compete with the Business for a period of five (5) years after the Closing Date. In order to effectuate this covenant, Seller shall execute on the Closing Date a Non-Competition and Non-Solicitation Agreement substantially in the form of Attachment V.

6.5 Certain Payments.

Seller shall pay, fully discharge or make adequate provision for all liabilities and obligations which are not Assumed Liabilities.

6.6 Employees and Certain Employee Benefit Matters.

- a. Pre-Closing Conduct; Other Liabilities. Seller shall pay and perform all of its obligations to all employees of the Business as of the Effective Time, including the payment of wages, salaries

and benefits. Seller shall be liable for any amounts to which any Business Employee becomes entitled that exists or arises (or may be deemed to exist or arise) under any applicable Law or otherwise, as a result of or in connection with, the (i) employment or termination of employment of the Business Employee prior to the Effective Time, and (ii) with respect to any Business Employee who does not become a Transferred Employee under Section 7.1(b), the employment or termination of employment of the Business Employee on the Closing Date.

- b. Rollovers To Qualified Retirement Plans. Seller agrees to provide Buyer with such data and assistance as Buyer may reasonably request to facilitate the acceptance by Buyer's 401(k) Plan of rollovers from any Seller-sponsored tax-qualified defined contribution retirement plan.

6.7 Use of Trade Names and Trademarks.

Seller hereby agrees to cease and terminate all use of the trade names and trademarks of the Business, including those described on Schedule 4.11, as of and following the Closing Date. As soon as practicable following the Closing Date, Seller shall deliver to Buyer all of Seller's files with respect to the trademarks and trade names listed on Schedule 4.11.

6.8 UL and NSF

Seller agrees to exercise best efforts to cause transfer of the UL and NSF Certifications to Buyer promptly following the Closing Date. By July 10, 2014, Seller agrees to pay all outstanding invoices related to the UL and NSF Certifications. Seller agrees to make payment for the transfer of the UL and NSF Certifications in accordance with the Closing Statement within five days after such payments become due. Seller agrees to promptly pay all invoices related to the UL and NSF Certifications received after the Effective Time applicable to the extent applicable to usage prior to the Effective Time.

6.9 Vehicle Titles.

By July 10, 2014, Seller shall cause delivery to Buyer of the certificates of title for any motor vehicles included in the Purchased Assets, and make payment for the Wheels, Inc. vehicles to be purchased by Buyer as, provided in this Agreement in accordance with the Closing Statement.

ARTICLE VII

COVENANTS OF BUYER

Buyer hereby agrees to keep, perform and duly discharge the following covenants and agreements:

7.1 Certain Employee Benefit Matters.

- a. Pre-Closing Conduct Other Liabilities. Except for any Excluded Liabilities and except as provided in Section 12.2(1), Buyer shall be liable for any amounts to which any Business Employee who becomes a Transferred Employee under Section 7.1(b) becomes entitled that exists or arises (or may be deemed to exist or arise) on or after the Effective Time after becoming an employee of Buyer under any applicable Law or otherwise, as a result of, or in connection with, (i) the employment of any Transferred Employee on or after the Effective Time and (ii) the termination of employment of any Transferred Employee on or after the Effective Time.

- b. Offer of Employment Continuation of Employment. Those persons who accept Buyer's offer of employment and who commence working with Buyer on the Effective Time shall hereafter be referred to as "Transferred Employees." As of the execution date hereof, Buyer intends to offer employment to each person employed by Seller at the Business prior to the Effective Time. For the Transferred Employees, Buyer will give credit for past service of the Business Employees with Seller for all purposes except for the purpose of benefit accrual under any defined benefit pension plan of Buyer. Buyer shall not, however, assume any obligations under any individual employment agreement between any Business Employee and Seller or one of its Affiliates, except as transferred under the Assignment attached as Attachment VIII. Seller hereby releases any Transferred Employees from any agreement in favor of Seller imposing confidentiality or noncompetition obligations to the extent relating to the Business.
- c. Termination of Transferred Employees within Ninety (90) Days of Closing. As of the execution date hereof, Buyer has informed Seller that, within ninety (90) days of the Closing, it may be necessary under Buyer's business judgment to terminate certain Transferred Employees. In such event, Buyer shall be responsible for such termination(s), but only to the extent provided in Section 12.2(1) or Section 12.3(k). In selecting Transferred Employees for termination, Buyer agrees to comply with applicable local, state and federal law and regulations and, if reasonably prudent, to consult with an experienced Tennessee labor and employment attorney regarding the selected Transferred Employees.
- d. Intentionally Omitted.
- e. Welfare Plans. Buyer will establish a group health plan, or plans, or add the Transferred Employees to an existing group health plan or plans covering Buyer employees, providing eligibility for coverage to the Transferred Employees and their dependents in a customary manner consistent with other employees of Buyer. Such plan or plans shall to the extent consistent with the insurer's customary practice be without limitation or exclusion with respect to preexisting conditions that affect coverage for the Transferred Employees on their dependents, except to the extent any such condition may affect coverage under any plan of Seller currently covering any such person or any plan of Buyer. Each Transferred Employee will also be eligible to participate in all other benefit plans maintained by Buyer generally for all employees thereof, in accordance with the terms and conditions set forth in such benefit plans, including, without limitation, any terms with respect to individual eligibility criteria.
- f. Accrued Personal or Sick Time. With respect to the accrued but unused personal or sick time for Transferred Employees listed on Schedule 7.1(f) to which such Transferred Employees are entitled pursuant to the personal or sick policies applicable to such Transferred Employees immediately prior to the Closing Date (the "PS Policies"), Buyer shall assume the liability for such accrued personal or sick time and allow such Transferred Employee to use such accrued personal or sick time; provided, however, that if Buyer deems it necessary to disallow such Transferred Employee from taking such accrued personal or sick time, Buyer shall be liable for and pay in cash to each such Transferred Employee an amount equal to the value of such personal or sick time in accordance with the terms of the PS Policies; and provided, further, that Buyer shall be liable for and pay in cash an amount equal to the value of such accrued personal or sick time to any Transferred Employee whose employment terminates for any reason subsequent to the Effective Time.
- g. U. S. WARN Act. Buyer agrees with respect to the Transferred Employees to provide any required notice under the Worker Adjustment and Retraining Notification Act ("WARN") and any other applicable Law and to otherwise comply with any such statute with respect to any "plant

closing" or "mass layoff" (as defined in WARN) or similar event affecting employees and occurring on or after the Effective Time or arising as a result of the transactions contemplated hereby.

Buyer shall indemnify and hold harmless Seller with respect to any liability under WARN or other applicable Law arising from the actions (or inactions) of Buyer, on or after the Effective Time with respect to the Transferred Employees.

- h. Further Assurances. At any time and from time to time after the Closing Date, as and when requested by a party hereto and at such party's expense, the other party shall promptly execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as such other party may reasonably request to evidence and effectuate the transactions contemplated by this Agreement.
- i. U.S. COBRA. Buyer agrees to provide any required notice under the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") and any other applicable Law on or after the Closing Date with respect to any eligible Transferred Employee. Buyer shall indemnify and hold harmless Seller with respect to any liability under COBRA or other applicable Law arising from the actions (or inactions) of Buyer on or after the Closing Date with respect to any Transferred Employee or arising as a result of the transactions contemplated hereby.

7.2 Buyer's Performance of Warranty Obligations.

Notwithstanding that all liabilities for all products sold by the Business prior to the Effective Time are Excluded Liabilities pursuant to Section 1.5(m), after the Closing Date, Buyer agrees to perform all of the warranty obligations of the Business for all products sold by the Business prior to the Effective Time. Any such warranty services shall be billed to Seller at Buyer's documented, fully loaded cost (with such fully loaded cost to include the cost of Buyer's reasonable and necessary personnel to perform the warranty obligations) plus ten percent (10%). Seller shall pay Buyer within thirty (30) days of receipt of Buyer's invoice documenting such warranty service. For any such warranty services performed by Buyer, Buyer shall set forth with reasonable detail and specificity the warranty services performed after the Closing Date.

7.3 Buyer's Assistance with Post-Closing Business Accounting.

For a period of no more than thirty (30) days after the Closing, Buyer shall permit the Transferred Employees to provide reasonable assistance to Seller with the Closing of the Business Accounting books for the period prior to the Closing Date, consistent with accounting practices and procedures for prior periods.

7.4 Sales to Seller After the Closing Date.

For a period of twelve (12) months after the Closing, Buyer shall permit Seller to submit new purchase orders to, and make purchases from, the Business, at fully loaded cost plus ten percent (10%), which purchases shall not exceed a total of Two Hundred Thousand Dollars (\$200,000.00) over the course of twelve months. In the event Seller desires to purchase product from the Business at a volume in excess of Two Hundred Thousand Dollars, Buyer and Seller shall endeavor to agree upon a price for the products to be purchased.

ARTICLE VIII

MUTUAL COVENANT OF SELLER AND BUYER

8.1 Collection of Accounts Receivable.

After the Closing, Seller shall permit Buyer to collect, in the name of the Seller, all receivables and other items which are included in the Purchased Assets and which shall be transferred hereunder, and to endorse with the name of Seller any checks, receivables or other items related to the Business. Seller shall sweep the lockboxes where the accounts receivable are delivered and hold in trust for Buyer, and promptly transfer and deliver to Buyer within two (2) business days after receipt, any cash or other property, which Seller may receive in respect of such receivables or other Purchased Assets. To effectuate the terms and provisions of this Section 8.1, Seller hereby designates and appoints Buyer and its designees or agents as attorney-in-fact, irrevocably and with power of substitution, with authority to receive, open and dispose of all mail related to the Business addressed to Seller; to notify the post office authorities to change the address for delivery of mail related to the Business addressed to Seller to such address as Buyer or its designee or agent may designate; to endorse the name of Seller on any notes, acceptances, checks, drafts, money orders or other evidence of payment of accounts receivables related to the Business or proceeds from the sale of the Purchased Assets that may come into possession of Buyer or its designee or agent; to sign the name of Seller on any invoices, documents, drafts against, notices to account debtors of Seller and assignments and requests for verification of accounts related to the Business; to execute proofs of claim and loss related to the Business; to execute any endorsement, assignments or other instruments of conveyance or transfer related to the Business; to execute releases related to the accounts receivable included in the Purchased Assets; and to do all other acts and things any of them may deem necessary and advisable to realize upon the accounts receivable related to the Business.

After expiration of the 90 day collection period specified in Section 4.7 herein, Buyer shall notify Seller of all Accounts Receivable which remain uncollected. Buyer shall have exercised its customary collection practices with respect to the collection of the accounts receivable. Upon receipt of notification along with copies of all pertinent invoices, it shall be the responsibility of Seller to collect such of the receivables as remain uncollected unless otherwise agreed between the parties. Such accounts receivable will be transferred back to Seller and Seller shall promptly reimburse Buyer dollar-for-dollar, net of any specific reserves included in Net Working Capital, for the amount of the receivable(s) transferred back to Seller from Buyer. Correspondingly, in the event that the Accounts Receivable collected after the Closing by the Buyer exceed the stated value of the net Accounts Receivable at the Closing Date, Buyer shall promptly pay Seller such amounts collected in excess of the stated value of the net Accounts Receivable.

8.2 Exclusivity.

The parties entered into an Exclusivity Agreement dated May 29, 2014, to which Seller and Buyer acknowledge they are bound by its terms.

8.3 Efforts to Satisfy Closing Conditions.

Between the date hereof and the Closing Date, the Seller and Buyer shall (i) use commercially reasonable efforts to cause the conditions in Article IX and Article X respectively to be satisfied; and (ii) not take any action or omit to take any action within their respective reasonable control to the extent such action or omission might result in a breach of any term or condition of this Agreement or in any representation or warranty contained in this Agreement being inaccurate or incorrect as of the Closing Date. Prior to the Closing Date, each party shall promptly notify the other party in writing if it becomes aware of any fact or condition that (i) causes or constitutes a breach of any representation or warranty set forth in Article IV or Article V, respectively, or (ii) would have caused or constituted a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition. Should any such fact or

condition require any change in the Disclosure Schedule if the Disclosure Schedule were dated the date of the occurrence or discovery of any such fact or condition (including the addition of a new Section to the Disclosure Schedule), the Seller shall promptly deliver to the Buyer a supplement to the Disclosure Schedule specifying such change, provided that no such supplement will be deemed to have cured any breach of any representation or warranty or affect any right or remedy of Buyer under this Agreement.

ARTICLE IX

CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

Each and all of the obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to fulfillment, prior to or as of the Closing Date, of the following conditions precedent:

9.1 Accuracy of Warranties; Performance of Covenants.

The representations and warranties of Seller contained herein shall be, if qualified by materiality or Material Adverse Effect, accurate in all respects and, if not so qualified, shall be accurate in all material respects, in each case, on the Closing Date as if made on and as of the Closing Date but without giving effect to the Supplemental Disclosure Schedule, as well as on the date when made. Seller shall have performed each and all of the obligations and complied with each and all of the covenants, agreements and conditions specified herein to be performed or complied with on or prior to the Closing Date.

9.2 No Pending Action.

As of the Closing Date, no action or proceeding that would have a Material Adverse Effect on the Business (nor any investigation preliminary thereto) or that relates to this Agreement or the transactions contemplated hereby shall be instituted or threatened at any time prior to or as of the Closing Date before any court or other governmental body by any Person or public authority.

9.3 Condition of Business and Purchased Assets.

Neither the Business nor the Purchased Assets shall have been materially adversely affected in any material way by any act of God, fire, flood, war, labor disturbance, legislation (proposed or enacted) or other event or occurrence, nor shall there have been any change in the property, financial condition or prospects of the Business or the Purchased Assets since the date hereof which would have a Material Adverse Effect thereon.

9.4 Access to Records

The Buyer, its accountants, attorneys and agents shall have had adequate opportunity to examine all relevant information regarding the Business, including its books and records, prior to the Closing Date.

9.5 Officer's Certificate.

Seller shall cause to be delivered to Buyer an Officer's Certificate by an officer of Seller dated as of the Closing Date, in the form and substance reasonably satisfactory to Buyer to the following effect:

- a. Seller has good and marketable title to all property included in the Purchased Assets, with no liens, mortgages, pledges, claims, encumbrances, rights, security interest, restrictions, or charges of any kind or nature, direct or indirect, whether accrued, absolute, contingent or otherwise, except those disclosed on any applicable Schedule.

- b. Seller has duly and validly performed and complied with all of its obligations under this Agreement which are to be performed or complied with by it on or prior to the Closing Date.
- c. Certifying the matters set forth in Section 9.1.

9.6 Approval of Legal Matters by Counsel for Buyer.

All legal matters in connection with this Agreement and the Closing shall be approved by counsel for Buyer, acting reasonably, and there shall have been furnished to such counsel by Seller such corporate and other records of the Business as such counsel may reasonably have requested.

9.7 Termination Statements.

Buyer shall have received UCC Termination Statements (if applicable) and other agreements or documents terminating any and all liens, security interests or encumbrances of record with respect to the Purchased Assets and/or the Business, or Seller shall demonstrate its progress on receiving such Termination Statements, which shall be delivered within thirty (30) days of Closing. Failure to deliver Termination Statements at the Effective Time shall not impair Buyer's ability to use the Purchased Assets.

9.8 Other Documents.

Seller shall have executed and delivered to Buyer such documents Buyer shall reasonably request to carry out the purpose of this Agreement including, without limitation, the documents required in Article III hereof.

9.9 Governmental Approvals.

All approvals of any local, state, or federal government or any agency thereof that are required in connection with Buyer's purchase and operation of the Business have been obtained by Buyer.

9.10 Financing.

Buyer has obtained such financing as of the Closing Date that will enable Buyer to pay the Purchase Price. Buyer agrees to use its commercially reasonable efforts to obtain financing sufficient to consummate the transactions contemplated hereunder, and to supply Seller with proof of such financing, no later than June 25, 2014.

9.11 Non-Competition Agreements.

Buyer shall have received executed copies of Non-Competition Agreements in form and substance reasonably acceptable to Buyer from Seller and from the Transferred Employees listed on Schedule 9.11.

9.12 Underwriters Laboratory (UL) and NSF Approvals.

Seller shall have initiated the process of transferring the Underwriters Laboratory (UL) and NSF certifications listed on Schedule 4.33 to Buyer. Seller shall satisfy all transfer conditions required by UL and NSF, and shall endeavor to deliver such consents to transfer from UL and NSF within thirty (30) days of the Effective Date. Buyer and Seller shall be equally responsible for the transfer fees associated with such assignments.

9.13 Palmer Consulting Agreement.

Buyer shall have received a Consulting Agreement between Buyer and D. Michael Palmer, acceptable to Buyer in form and executed by Palmer.

9.14 Material Consents.

Buyer shall have received the material Personal Property Lease consents listed in Schedule 4.13(f) and the Material Contract consents listed in Schedule 4.19(d) in forms reasonably acceptable to Buyer.

9.15 Olympic Steel Supply Agreement.

Seller shall have received Olympic Steel's written consent to the assignment of the rights of the Business to purchase raw materials from Olympic Steel on the terms and conditions that were in place immediately prior to the Closing Date.

ARTICLE X

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

Each and all of the obligations of Seller to consummate the transactions contemplated by this Agreement are subject to fulfillment, prior to or as of the Closing Date, of the following conditions precedent:

10.1 Accuracy of Warranties; Performance of Covenants.

The representations and warranties of Buyer contained herein shall be, if qualified by materiality or Material Adverse Effect, accurate in all respects and, if not so qualified, shall be accurate in all material respects, in each case, on the Closing Date as if made on and as of the Closing Date, as well as on the date when made. Buyer shall have performed each and all of the obligations and complied with each and all of the covenants specified in this Agreement to be performed or complied with on or prior to the Closing Date; and Seller shall have received from an officer of Buyer a certificate to the effect that each of the conditions set forth in this 10.1 have been satisfied.

10.2 No Pending Action.

As of the Closing Date, no action or proceeding (nor investigation preliminary thereto) or that relates to this Agreement or the transactions contemplated hereby shall be instituted or threatened at any time prior to or as of the Closing Date before any court or other governmental body or by any Person or public authority.

10.3 Approval of Legal Matters by Counsel of Seller.

All legal matters in connection with this Agreement and the Closing shall be approved by counsel for Seller, acting reasonably, and there shall have been furnished to such counsel by Buyer such corporate and other records of Buyer pertaining to the Business and the Purchased Assets as such counsel may reasonably have requested.

10.4 Other Documents.

Buyer shall have executed and delivered to Seller such documents Seller shall reasonably request and as required in Article III of this Agreement.

ARTICLE XI

ADDITIONAL COVENANTS AND AGREEMENTS

11.1 Purchase Price Allocation.

Seller and Buyer shall, by mutual agreement, within 90 days of the Closing Date use their commercially reasonable efforts to agree to the allocation of the Purchase Price (the "Allocation") among the Purchased Assets being transferred hereunder in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code") and any foreign rules or tax regulations involving allocation of the Purchase Price. Neither Buyer nor Seller shall, without the prior written approval of the other party hereto, file, or permit the filing of, any tax returns on which the Buyer or Seller takes any position inconsistent with the Allocation. Buyer and Seller, respectively, will notify each other as soon as reasonably practicable of any audit adjustment or proposed audit adjustment by any taxing authority that affects the Allocation. Notwithstanding the foregoing, Seller and Buyer agree that the Owned Real Property allocation shall be \$1,821,200.

11.2 Records and Documents.

For five (5) years following the Closing Date, each party hereto shall grant to the other party and its representatives, at such other party's request, access to and the right to make copies of those records and documents related to the Business or the Purchased Assets with respect to the period prior to Closing, possession of which is held or retained by a party hereto, as may be necessary or useful in connection with Buyer's conduct of the Business or ownership of the Purchased Assets after the Closing Date or as may relate to tax returns filed by either the Seller or the Buyer with regard to their specific periods of ownership of the Business. If during such period any party hereto determines to dispose of such records, such party shall first give the other party sixty (60) days' prior written notice thereof, during which period such other party shall have the right to take possession of such records.

11.3 Confidentiality.

In the event that the Closing does not occur, all parties hereto agree to hold in confidence all Confidential Information acquired from any other party hereto and will not use for its own purposes or divulge to third parties any such confidential data or information. As used in this Agreement, "Confidential Information" means confidential business information regarding the Business, including, without limitation, customer lists and files, prices and costs, business and financial statements and records, information relating to personnel contracts, stock ownership, liabilities, litigation, the terms of this Agreement or any related agreement, and information that the Seller provides on the Business directly or through agents or otherwise that is identified as confidential, and any written analysis or other document reflecting such information that any party prepares (an "Analysis"). "Confidential Information" shall exclude (i) information that is or becomes publicly available or obtainable from independent sources and not in breach of the Buyer's obligations hereunder, (ii) information that is required to be disclosed by a Law (including applicable securities laws and the rules and regulations of any stock exchange or inter-dealer automated quotation system on which the securities of the Buyer are traded), (iii) information was known by the Buyer prior to any disclosure to it by the Seller, or (iv) information, the disclosure of which, is necessary for the Buyer to enforce, any or all of its rights under this Agreement.

The parties hereto agree to keep this proposed transaction confidential until mutual agreement is reached on publicity and all subsequent publicity will be cleared with all parties prior to release.

Notwithstanding the foregoing, Buyer may disclose Confidential Information received from Seller to its employees, agents, advisors, and lender ("Representatives") who are informed of the confidential nature of such information and are informed of the terms of this Section. Buyer shall be liable to the Seller for any

breach of this Section by its Representatives. Buyer will use the Confidential Information only in connection with this Agreement and the transactions contemplated hereby.

Upon termination of this Agreement without consummation of the transactions contemplated hereby, at the Seller's request, the Buyer will return (and cause to be returned) to such party or destroy (and cause to be destroyed) all originals, copies, extracts or other reproductions of any confidential information that such party provides, and destroy any Analysis made that derives from such information.

If the Buyer becomes legally compelled by Law, deposition, subpoena, or other court or governmental action to disclose any of the Confidential Information, then the Buyer will give the Seller prompt notice to that effect, and will cooperate with the Seller if the Seller seeks to obtain a protective order concerning the Confidential Information.

11.4 Press Release.

No press release or other public announcement concerning the transactions contemplated by this Agreement shall be made prior to the Closing Date by Seller or by Buyer without the prior written consent of the other (such consent not to be unreasonably withheld) provided, however, that any party may, without such consent, make such disclosure if the same is required by any stock exchange on which any of the securities of such party or any of its affiliates are listed or by any securities commission or other similar regulatory authority having jurisdiction over such party or any of its affiliates, and if such disclosure is required the party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure. Notwithstanding anything to the contrary contained herein Buyer and Seller may mutually agree to a form of press release prior to the Closing Date.

11.5 Transition Assistance.

a. The parties agree that to insure that there is no interruption in the operation of the Business after the Closing Date, they will establish mutually acceptable transition procedures pursuant to a Transition Services Agreement to be signed by Seller and Buyer at Closing that will include the following matters described in this Section 11.5(a): (i) Seller agrees that for up to ninety (90) days after the Closing Date, it will provide to Buyer at Buyer's sole cost and expense, the information technology and e-mail services that it is presently providing to the Business at Seller's actual cost, and will assist Buyer in effecting a transition of those support activities during the 90-day period; (ii) at Buyer's sole cost and expense, Seller shall also provide for in-bound and out-bound freight services for a period of up to one hundred eighty (180) days after the Closing Date; and (iii) Seller agrees that for up to 120 days (120) days after the Closing Date, it will provide to Buyer the financial services (e.g., accounts receivable, accounts payable) that it is presently providing to the Business at Seller's actual cost, and will assist Buyer in effecting a transition of those support activities during the 120-day period.

b. If applicable as contemplated by the first paragraph of Article III, Seller agrees to continue to offer its medical and dental benefits coverage to the Transferred Employees through COBRA continuation coverage for the Transferred Employees and in the amounts listed on Schedule 11.5(b). If applicable, Buyer agrees to reimburse Seller for such coverage at Seller's current COBRA continuation premium rates as set forth on Schedule 11.5(b). Buyer agrees to establish a health and welfare benefits program sufficient for Seller to discontinue the provision of COBRA coverage for the Employees of the Business in the United States no later than sixty (60) days after the Closing Date.

c. [intentionally omitted]

d. On and after the Closing Date, for a period of twenty-four (24) months, Buyer may use and occupy the space that is occupied by the Business prior to the Closing Date in Seller or its affiliate's Smyrna,

Tennessee facility, at no rent to Buyer. However, if Seller or its affiliate terminates the said lease within twenty-four (24) months of the Closing Date for reasons unrelated to the Business, then Buyer's rights to use and occupy the space shall similarly terminate. Buyer agrees to give Seller at least 30 days' notice of any such termination.

- e. Seller will continue to pay on and after the Closing Date all payments due from Seller under the Savannah Airport Lease until the term of such lease expires.
- f. The transfer by Seller to Buyer of the Epicor 25 seats will be at a price of \$10,000 for a total of 25 seats at Buyer's cost, and the annual maintenance expense of Buyer for such software system will not exceed Fifteen Thousand Dollars (\$15,000.00) per year.
- g. Seller will add Buyer to its preferred pricing purchasing program for its freight, steel and nickel suppliers and vendors for a period of twenty-four (24) months after the Closing Date so that Buyer may receive the same pricing for such purchases as Seller did for the Business prior to the Closing Date.

ARTICLE XII

SURVIVAL AND INDEMNIFICATION

12.1 Survival of Representations, Warranties and Covenants.

The representations and warranties of the Seller contained in Article IV above, but specifically excluding Sections 4.1, 4.2, 4.3, 4.5, 4.6, 4.10 and 4.22 (the "Seller Fundamental Representations") and the representations and warranties of the Buyer contained in Article V above, but specifically excluding Sections 5.1, 5.2, and 5.3 (the "Buyer Fundamental Representations"), shall survive the Closing Date for a period of fifteen (15) months. All of the Seller Fundamental Representations and Buyer Fundamental Representations shall survive the Closing Date and continue in full force and effect without limitation thereafter.

12.2 Indemnification for Benefit of the Buyer.

The Seller agrees to defend, indemnify and hold Buyer and each of its officers, directors, members, managers, partners, employees, equity holders, agents (including its accountants and attorneys), successors and assigns, as the case may be (the "Buyer Group"), harmless of, from and against any and all claims, losses, damages, liabilities, costs or expenses, alleged or actually incurred or sustained by the Buyer Group, or any of them, arising from or relating to:

- a. any breach or alleged breach of any representation or warranty of Seller contained in this Agreement or in any schedule, Attachment or other document delivered pursuant to this Agreement;
- b. any breach or alleged breach by Seller of any covenant or agreement of Seller contained in this Agreement, or in any schedule, Attachment supplement to any schedule or other document delivered pursuant to this Agreement;
- c. any or all of the Excluded Liabilities;
- d. the operation by Seller of the Business prior to the Effective Time (other than with respect to the Assumed Liabilities);

- e. any liability under the federal law known as the WARN Act or other applicable Law arising from the actions (or inactions) of Seller or its affiliates prior to the Effective Time;
- f. The breach or alleged breach by Seller of any contract, lease, or other agreement or understanding with any third party arising or accruing prior to the Effective Time;
- g. The actual or alleged violation of any Environmental Laws prescribing conduct for the discharge, disposal, emission, dumping, burial, hauling or treatment of all discharges or emissions of substances generated, directly or indirectly, by Seller prior to the Effective Time or any other prior owner or lessee of the Owned Real Property and the leased real property located at 869 Seven Oaks Boulevard, Smyrna, Tennessee 37167 prior to the Effective Time;
- h. Any action taken by any private individual or entity or any United States or foreign, federal, state, provincial, county, or municipal authority alleging that Seller (or any other prior owner or lessee of the Owned Real Property and the leased real property located at 869 Seven Oaks Boulevard, Smyrna, Tennessee 37167) operated any of the Business facilities prior to the Effective Time in violation of Environmental Laws relating to the discharge, disposal, emission, dumping, burial, hauling or treatment of discharge or emission of any hazardous substance;
- i. Any claim, assessment, liability or lien by any United States or foreign, federal, state, provincial, county, local or municipal governmental body for any Taxes found to be due and owing, directly or indirectly, by Seller on account of income earned, property owned operation or the results of operations of the Business at any time period prior to the Effective Time;
- j. Any claim arising out of any products designed, manufactured or sold by Seller prior to the Effective Time, including, without limitation, any claim that any product manufactured by Seller was defectively designed, manufactured, packaged or labeled or that any such product is unsafe or inherently dangerous and any claim that any such product breaches any expressed or implied warranties including, without limitation, the implied warranties of merchantability and fitness for a particular purpose, as those terms are defined in the Uniform Commercial Code;
- k. any material Personal Property Lease consent listed in Schedule 4.13(f) or Material Contract consent listed in Schedule 4.19(d) not delivered to Buyer by Seller on or before the Effective Time;
- l. the following costs associated with the termination of employment by Buyer within ninety (90) days after the Closing Date of no more than twenty (20) Transferred Employee(s): (1) severance pay for each terminated Transferred Employee in an amount not to exceed one week of base pay for every full year of service, with total severance pay not to exceed a total of ten (10) weeks per terminated Transferred Employee, regardless of the number of years of service ("Severance Payments"), and (2) any costs or expenses (including reasonable attorneys' fees) arising from any claim, demand or suit by any terminated Transferred Employee related to termination of employment within ninety (90) days after the Closing Date, except to the extent such claim, demand or suit arises from the acts or omissions of Buyer other than the act of terminating the employment of such Transferred Employee, unless it is demonstrated that such termination was conducted in violation of local, state or federal law and regulation, in which case Seller's indemnification obligations hereunder shall not arise. Buyer agrees to use commercially reasonable efforts (not to include any payment of consideration in addition to that contemplated by this Section 12.21) to obtain from each terminated Transferred Employee a full release and waiver of claims, consistent with Tennessee state law and in a form reasonably acceptable to Seller. If Buyer does not obtain a release from any terminated Transferred Employee, Seller shall

not be obligated to make the applicable Severance Payment, but Seller's other obligations under this Section 12.21 shall not be affected. Seller shall remit payment to Buyer of the applicable severance amount within five (5) days after Buyer provides Seller with a copy of the fully executed release and waiver agreement from such terminated Transferred Employee. Notwithstanding anything to the contrary herein, the aggregate Severance Payments shall not exceed \$70,000;

- m. Any and all costs, liabilities, obligations (except for those obligations set forth in Section 1.4(r)) and expenses arising in connection with, or in order to comply with, the TOSHA audit of the Business conducted in April 2014; and
- n. Any and all costs, liabilities, obligations for the matter set forth in Section 1.5(s) herein.

12.3 Indemnification for Benefit of the Seller.

Buyer agrees to defend, indemnify and hold Seller and its Affiliates, and each of their respective officers, directors, members, managers, partners, employees, equityholders, agents (including its accountants and attorneys), legal representatives, successors and assigns, as the case may be (the "Seller Group"), harmless of, from and against any and claims, losses, damages, liabilities, costs or expenses, alleged or actually incurred or sustained by the Seller Group, or any of them, arising from or relating to:

- a. any breach or alleged breach of any representation or warranty of Buyer contained in this Agreement or in any schedule, Attachment or other document delivered pursuant to this Agreement;
- b. any breach or alleged breach by Buyer of any covenant or agreement of Buyer contained in this Agreement, or in any schedule, Attachment or other document delivered pursuant to this Agreement;
- c. any or all of the Assumed Liabilities;
- d. Buyer's operation of the Business after the Effective Time (other than with respect to the Excluded Liabilities);
- e. any liability under the federal law known as the WARN Act (or any state equivalent thereof), any liability to the Transferred Employees including but not limited to the obligations set forth in Sections 7.1(a) and 7.1(e), or other applicable Law arising from the actions (or inactions) of Buyer or its Affiliates after the Effective Time;
- f. The breach or alleged breach by Buyer of any contract, lease or other agreement or understanding with any third party arising or accruing on or after the Effective Time;
- g. The actual or alleged violation by Buyer of any Environmental Laws prescribing conduct for the discharge, disposal, emission, dumping, burial, hauling or treatment of all discharges or emissions of substances generated, directly or indirectly, by Buyer, its Affiliates or any successor or assignee of Buyer, on or after the Effective Time;
- h. Any action taken by any private individual or entity or any United States or foreign, federal, state, provincial, county, or municipal authority alleging that Buyer, or any assignee or successor of Buyer, operated any of the Business facilities on or after the Effective Time in violation of Environmental Laws relating to the discharge, disposal, emission, dumping, burial, hauling or treatment of discharge or emission of any hazardous substance;

- i. Any claim, assessment, liability or lien by any United States or foreign, federal, state, provincial, county, local or municipal or governmental body for any Taxes found to be due and owing, directly or indirectly, by Buyer on account of income, earned, property owned or the results of operations of the Business at any time period on or after the Effective Time.

Any claim arising out of any products designed or manufactured by Buyer on or after the Effective Time, including, without limitation, any claim that any product manufactured by Buyer was defectively designed, manufactured, packaged or labeled or that any such product is unsafe or inherently dangerous and any claim that any such product breaches any expressed or implied warranties including, without limitation, the implied warranties of merchantability and fitness for a particular purpose, as those terms are defined in the Uniform Commercial Code; and

- k. Any claim, suit, demand or action filed by any terminated Transferred Employee, to the extent due to acts or omissions of Buyer other than the act of terminating the employment of such Transferred Employee, unless it is demonstrated that such termination was conducted in violation of local, state or federal law and regulation, in which case Seller's indemnification obligations hereunder shall not arise.

12.4 Third Party Claims.

If any third party shall notify any Person entitled to indemnification hereunder (the "Indemnified Party ") with respect to any matter (a "Third Party Claim") which may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Article XII, then the Indemnified Party shall promptly (and in any event within five business days after receiving notice of the Third Party Claim) notify each Indemnifying Party thereof in writing; provided that such failure to notify shall not limit the indemnification obligations of the Indemnifying Party unless such delay negatively impacts the Indemnifying Party's ability to defend against a Third Party Claim, and then such indemnification obligations shall be limited to the extent of such negative impact to the ability to defend. Any Indemnifying Party will have the right, exercisable within ten days of receipt of such notice of a Third Party Claim, to assume and thereafter conduct the defense of the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party; provided that (i) the Indemnifying Party provides written notice to the Indemnified Party that the Indemnifying Party intends to undertake such defense, and by such notice it shall be conclusively established that the Indemnifying Party shall indemnify the Indemnified Party against all claims for indemnification resulting from or relating to such Third Party Claim as provided in this Article XII, (ii) the Indemnifying Party provides to the Indemnified Party evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party shall have the financial resources to defend against the Third Party Claim and to fulfill its indemnification obligations hereunder, (iii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently with counsel reasonably satisfactory to the Indemnified Party and (iv) if the Indemnifying Party is a party to the proceeding, the Indemnifying Party has not determined in good faith that joint representation would be inappropriate; provided, however, that the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld or delayed unreasonably) unless the judgment or proposed settlement involves only the payment of money damages and does not impose an injunction or other equitable relief upon the Indemnified Party. The Indemnified Party shall, in its sole discretion, have the right to employ separate counsel (who may be selected by the Indemnified Party in its sole discretion) in any such action and to participate in the defense thereof, and the fees and expenses of such counsel shall be paid by Indemnified Party. Unless and until an Indemnifying Party assumes the defense of the Third Party Claim as provided above, however, the Indemnified Party may defend against the Third Party Claim in any manner he or it reasonably may deem appropriate. In no event will the Indemnified Party consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of each of the Indemnifying Parties (not to be withheld or delayed unreasonably).

12.5 Tax Audits.

In the event the Internal Revenue Service or any state or other governmental agency notifies the Buyer that it is seeking a review of tax returns of the Business filed for any period prior to the Closing, Buyer shall give prompt notice thereof to the Seller who shall at its expense conduct the review with attorneys and accountants selected by it and shall keep Buyer reasonably informed of such review.

12.6 Limitations.

Except with respect to claims (i) based on fraud or willful misrepresentation or (ii) made pursuant to Sections 6.4 (Non-Competition) or 11.3 (Confidentiality), the rights of the Indemnified Parties under this Article XII shall be the sole and exclusive remedies of the Indemnified Parties with respect to claims resulting from or relating to any misrepresentation, breach of warranty of failure to perform any covenant or agreement contained in this Agreement or otherwise relating to the transactions that are the subject of this Agreement.

Seller will have no liability (for indemnification or otherwise) with respect to the matters described in Section 12.2(a) (other than with respect to the Seller Fundamental Representations) until the total of all Losses with respect to such matters exceeds Fifty Thousand Dollars (\$50,000), and then only for the amount by which such Losses exceed Fifty Thousand Dollars (\$50,000). Notwithstanding anything to the contrary contained in this Agreement, the aggregate liability of Seller for the sum of all Losses (i) under Section 12.2(a) (other than with respect to the Seller Fundamental Representations), shall not exceed an amount equal to fifty percent (50%) the Purchase Price, as determined under Article II, (ii) under Sections 12.2(c) (Excluded Liabilities), 12.2(d) (Seller operations), 12.2(g) (Environmental Matters), 12.2(h) (Environmental Matters), 12.2(i) (Taxes), 12.2(k) (Consents), 12.2(1) (Severance), 12.2(m) (TOSHA), Seller Fundamental Representations, or for fraud or willful misrepresentation by Seller shall not be limited and (iii) under any portion of Section 12.2 other than those described in clauses (i) and (ii), shall not exceed an amount equal to fifty percent (50%) the Purchase Price, as determined under Article II.

Buyer will have no liability (for indemnification or otherwise) with respect to the matters described in Section 12.3(a) (other than with respect to (i) the Buyer Fundamental Representations and (ii) Section 4.7) until the total of all Losses with respect to such matters exceeds Fifty Thousand Dollars (\$50,000), and then only for the amount by which such Losses exceed Fifty Thousand Dollars (\$50,000). Notwithstanding anything to the contrary contained in this Agreement, the aggregate liability of Buyer for the sum of all Losses (i) under Section 12.3(a) (other than with respect to the Buyer Fundamental Representations where Losses shall not be limited), shall not exceed an amount equal to fifty percent (50%) the Purchase Price, as determined under Article II, (ii) under Sections 12.3(c) (Assumed Liabilities), 12.3(f) (Environmental Matters) and 12.3(g) (Environmental Matters) shall not be limited and (iii) under any portion of Section 12.3 other than those described in clauses (i) and (ii), shall not exceed an amount equal to fifty percent (50%) Purchase Price, as determined under Article II.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT SHALL ANY PARTY BE LIABLE UNDER THIS AGREEMENT OR OTHERWISE FOR ANY EXEMPLARY, SPECULATIVE, CONSEQUENTIAL SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES (OTHER THAN THOSE AWARDED TO THIRD PARTIES) AND NO CLAIM SHALL BE MADE OR AWARDED AGAINST ANY PARTY, FOR ANY SUCH PUNITIVE DAMAGES (OTHER THAN THOSE AWARDED TO THIRD PARTIES).

Both parties shall reasonably cooperate and use commercially reasonable efforts to take action to assist in the mitigation of any damages for which indemnification is provided by the Indemnifying Party.

12.7 Independent Investigation.

In making the decision to enter into this Agreement and consummate the contemplated transactions, Buyer has relied upon its own independent due diligence investigations and inspection of the assets of the Seller, and on the representations, warranties, covenants and undertakings of Seller in this Agreement.

BUYER ACKNOWLEDGES THAT EXCEPT AS EXPRESSLY SET OUT IN THIS AGREEMENT, SELLER HAS NOT MADE ANY REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MARKETABILITY, QUALITY, CONDITION, CONFORMITY TO SAMPLES, MERCHANTABILITY, AND/OR FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE, EXCEPT AS OTHERWISE SET OUT IN THIS AGREEMENT, EXPRESSLY DISCLAIMED BY SELLER.

EXCEPT AS EXPRESSLY SET OUT IN THIS AGREEMENT, SELLER DOES NOT MAKE ANY REPRESENTATION, COVENANT OR WARRANTY, EXPRESS, IMPLIED OR STATUTORY, AS TO (A) THE ACCURACY OR COMPLETENESS OF ANY RECORDS DELIVERED TO BUYER WITH RESPECT TO THE ASSETS, PROVIDED THAT THE DISCLAIMER SET FORTH IN THIS CLAUSE (A) IS NOT INTENDED TO EXTEND TO THE SCHEDULES TO THIS AGREEMENT OR TO FRAUD OR INTENTIONAL MISREPRESENTATION, OR (B) ANY FUTURE BUSINESS OR EVENT. WITH RESPECT TO ANY PROJECTION OR FORECAST DELIVERED TO BUYER BY OR ON BEHALF OF SELLER OR ANY OF THEIR AFFILIATES, BUYER ACKNOWLEDGES THAT (I) THERE ARE UNCERTAINTIES INHERENT IN ATTEMPTING TO MAKE SUCH PROJECTIONS AND FORECASTS, (II) BUYER IS FAMILIAR WITH SUCH UNCERTAINTIES, AND (III) BUYER HAS HAD THE OPPORTUNITY TO MAKE ITS OWN EVALUATION OF THE ADEQUACY AND ACCURACY OF ALL SUCH PROJECTIONS AND FORECASTS FURNISHED.

ARTICLE XIII

GENERAL PROVISIONS

13.1 Amendment and Waiver.

No amendment or waiver of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and signed by both parties, and then such amendment or waiver shall be effective only in the specific instance and for the specific purpose for which given.

13.2 Notices.

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the sixth business day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the business day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section. In the event of a general discontinuance of postal

service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with this Section. Notices and other communications shall be addressed as follows:

If to Buyer:

AFS All-American Millwork and Fabrication LLC
3714 West End Avenue
Nashville, TN 37205
Attn.: Robert G. Shuler
[Email: rob@allamericanholdings.com](mailto:rob@allamericanholdings.com)
Facsimile: (404) 872-7879

With a copy to:

Sherrard & Roe, PLC
150 3rd Avenue South, Suite 1100
Nashville, TN 37201
Attn.: Michael D. Roberts
[Email: mroberts@sherrardroe.com](mailto:mroberts@sherrardroe.com)
Facsimile: (615) 742-4539

If to Seller:

Standex International Corporation
11 Keewaydin Drive, Suite 300
Salem, New Hampshire 03079
Attn: David A. Dunbar, President/CEO
[Email: ddunbar@standex.com](mailto:ddunbar@standex.com)
Facsimile• 603-893-0194

With a copy to:

Legal Department
Standex International Corporation
11 Keewaydin Drive, Suite 300
Salem, New Hampshire 03079
Attn: Chief Legal Officer
[Email: rosen@standex.com](mailto:rosen@standex.com)
Facsimile• 603-893-0194

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by either party pursuant to or in connection with any arbitration procedures contained herein or in any Schedule hereto may only be delivered by hand.

The failure to send or deliver a copy of a notice to the Buyer's counsel or the Seller's counsel, as the case may be, shall not invalidate any notice given under this Section.

13.3 Binding Effect; Assignment.

This Agreement shall inure to the benefit of and be binding upon the parties named herein and their respective successors and assigns. Any assignment of this Agreement or the rights hereunder by a party hereto without the prior written consent of the other party shall be void; provided, however, that Buyer shall be entitled to assign its rights and duties under this Agreement to any Affiliate of the Buyer, to any Person that acquires all or

substantially all of the assets of the Buyer or its subsidiaries or that merges with or into the Buyer, or to any lender to the Buyer or its Affiliates, in each case, without the consent of Seller provided, however, that Buyer shall remain liable hereunder.

13.4 Entire Transaction.

This Agreement, the Schedules, the Attachments and the other documents referred to herein contain the entire understanding among the parties with respect to the transactions contemplated hereby and shall supersede all other agreements and understandings among the parties.

13.5 Severability.

Should any provision of this Agreement be declared invalid, void or unenforceable for any reason, the remaining provisions hereof shall remain in full force and effect.

13.6 Headings.

The section and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

13.7 Litigation Arising from Business Activities.

It is recognized that in the future litigation may arise relating to the Business and the conduct, products, property or assets thereof, which may relate directly or indirectly to the period prior to the Closing Date, the period subsequent to the Closing Date or both. Therefore the parties hereby agree that, to the extent reasonable under the circumstances, they will assist and provide information, records and documents to any other party with respect to any such litigation or potential litigation in which such other party is or may be involved at the sole cost and expense of the party for whose benefit the litigation is being conducted or defended as the case may be. Following the Closing Date, each party shall use reasonable efforts to make available to the other party, upon written request, such party's officers, directors, employees and agents to the extent that such persons may reasonably be required in connection with any legal, administrative or other proceedings in which the requesting party may from time to time be involved relating to the Business or its business or operations including but not limited to all non-privileged records, books, contracts, instruments, documents, correspondence, computer data and other data and information (collectively the "Information") prior to the Closing Date.

13.8 Governing Law; Jurisdiction.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS. EACH OF THE PARTIES TO THIS AGREEMENT (A) CONSENTS TO SUBMIT ITSELF TO THE PERSONAL JURISDICTION OF THE COURT OF CHANCERY OF THE STATE OF DELAWARE IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREUNDER, (B) AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURT, (C) AGREES THAT IT SHALL NOT ATTEMPT TO DENY OR DEFEAT SUCH PERSONAL JURISDICTION BY MOTION OR OTHER REQUEST FOR LEAVE FROM ANY SUCH COURT, AND (D) AGREES NOT TO BRING ANY ACTION OR PROCEEDING (INCLUDING COUNTER-CLAIMS) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREUNDER IN ANY OTHER COURT. EACH OF THE PARTIES WAIVES ANY DEFENSE OF INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT AND WAIVES ANY

BOND, SURETY OR OTHER SECURITY THAT MIGHT BE REQUIRED OF ANY OTHER PARTY WITH RESPECT THERETO.

13.9 Termination.

Anything herein to the contrary notwithstanding, this Agreement may be terminated at any time before the Closing Date only as follows:

- a. By mutual written consent of Seller and Buyer;
- b. By Buyer, by written notice of termination to Seller, in the event that any of the conditions precedent set forth in Article IX have not been satisfied (or have become incapable of being satisfied) prior to June 30, 2014; or
- c. By Seller, by written notice of termination to Buyer, in the event that any of the conditions precedent set forth in Article X have not been satisfied (or have become incapable of being satisfied) prior to June 30, 2014.

In the event of termination and abandonment hereof pursuant to the provisions of this Section 13.9, all further obligations of the parties shall terminate except that Section 11.3 (Confidentiality) shall remain in full force and effect and shall survive the termination of this Agreement. Notwithstanding anything in this Agreement to the contrary, each of the parties to this Agreement shall be entitled to any remedy to which such party may be entitled at law or in equity for the violation or breach by any other party of any agreement, covenant, representation or warranty contained in this Agreement.

In the event of the termination and abandonment hereof pursuant to the provisions of this Section 13.9, each of Buyer and Seller (the "Receiving Party") shall return to the other party (the "Disclosing Party") all originals and copies of all documents and records related to the Disclosing Party or its business, in the possession of the Receiving Party or under its control, whether in the form of writings, computer records or otherwise, obtained by the Receiving Party in connection with this Agreement and the transaction contemplated hereby, and the Receiving Party shall not use any of the information contained therein for any purpose unrelated to this Agreement, and shall not disclose such information to any other person.

13.10 Expenses.

Except as otherwise expressly provided herein, each party to this Agreement shall pay its own costs and expenses in connection with the transaction contemplated hereby.

13.11 Counterparts.

This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

13.12 No Third Parties.

Neither this Agreement nor any provision set forth in this Agreement are intended to, or shall, create any rights in or confer any benefits upon any person other than the parties to this Agreement, their successors and permitted assigns.

ARTICLE XIV

DEFINITIONS

For purposes of this Agreement the following terms shall have the meanings ascribed to them:

"Accounts Payable" shall have the meaning set out in Section 1.4(e). "Accounts Receivable" shall have the meaning set out in Section 1.2(a).

"Affiliate" shall have the meaning set forth in Rule 12b-2, as amended, of the regulations promulgated under the Securities Act of 1933.

"Aggregate Purchase Price" shall have the meaning set out in Section 2.1.

"Agreement" shall have the meaning set out in the first paragraph of this Agreement.

"Allocation" shall have the meaning set out in Section 11.1.

"Analysis" shall have the meaning set out in Section 11.3.

"Assumed Liabilities" shall have the meaning set out in Section 1.4.

"Business" shall have the meaning set out in the first Recital of this Agreement.

"Business Benefit Plans" shall have the meaning set out in Section 4.32.

"Business Employee" shall have the meaning set out in Section 4.15.

"Buyer" shall have the meaning set out in the first paragraph of this Agreement.

"Buyer Fundamental Representations" shall have the meaning set out in Section 12.1

"Buyer Group" shall have the meaning set out in Section 12.2.

"CERCLA" shall mean the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"Certifications" shall have the meaning set out in Section 4.33.

"Code" shall have the meaning set out in Section 11.1.

"Closing" shall have the meaning set out in the first paragraph of Article III.

"Closing Date" shall have the meaning set out in Article III.

"Closing Date Statement of Net Working Capital" shall have the meaning set out in Section 2.4.

"Closing Inventory" shall have the meaning set out in Section 2.3.

"COBRA" shall mean the Consolidated Omnibus Budget Reconciliation Act of 1986. "Confidential Information" shall have the meaning set out in Section 11.3. "Confidentiality Agreement" shall have the meaning set out in Section 6.2. "Disclosing Party" shall have the meaning set out in Section 13.9.

"Disclosure Schedule" means the Schedules delivered to the Buyer by the Seller concurrently with the execution of this Agreement. Each representation, warranty and covenant set forth herein shall have independent significance. Any disclosures in any part of the Disclosure Schedule apply only to the Section of this Agreement to which they expressly relate and not to any other representation, warranty or covenant.

"Effective Time" shall have the meaning set out in Article III.

"Employee Benefit Plan" shall mean any employee benefit plan within the meaning of Section 3(3) of ERISA which (a) is maintained for employees of the or (b) has at any time within the preceding six (6) years been maintained for employees of the Business, and any bonus or other incentive compensation, deferred compensation, salary continuation, sick or disability pay, severance, stock award, stock option, stock purchase, tuition assistance, vacation, vacation pay or other benefit plan or arrangement, and each employment, termination or other compensation arrangement or agreement, in each case with respect to current or former employees or consultants of or to the Business, and under which Seller could reasonably be expected to have any liability.

"Environmental Laws" shall have the meaning set out in Section 4.22. "Excluded Assets" shall have the meaning set out in Section 1.3. "Excluded Liabilities" shall have the meaning set out in Section 1.5.

"Facilities" shall have the meaning set out in Section 1.2(s).

"Financial Statements" shall have the meaning set out in Section 4.6A.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any municipal, local, city or county government, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled, through capital stock or otherwise by any of the foregoing.

"Hazardous Substances" shall have the meaning set out in Section 4.22. "Improvements" shall have the meaning set out in Section 4.17.

"Indemnified Party" shall have the meaning set out in Section 12.4. "Indemnifying Party" shall have the meaning set out in Section 12.4. "Information" shall have the meaning set out in 13.7.

"Interim Balance Sheet" shall have the meaning set out in Section 4.6A. "Inventory" shall have the meaning set out in Section 1.2(b).

"Knowledge" means that any individual who is serving as a director or officer of Seller or in any similar capacity, including Steven Brown, John Abbott, Mike Palmer, and Larry Littlejohn is actually aware, or would be aware after due inquiry, of such fact or other matter in issue.

"Mass Layoff" shall have the meaning set out in Section 7.1(f).

"Material Adverse Effect" means a material adverse effect on the business, financial condition or results of operation of the Business taken as a whole or the Purchased Assets taken as a whole, but excluding any effect resulting from (a) the announcement or pendency of the transaction contemplated by this Agreement including the

loss of customers or suppliers or cancellations or delays of orders placed with the Business; (ii) conditions affecting the industry in which the Business operates, general business or economic conditions or financial markets; (iii) compliance by the Seller with the terms of, or taking of any action contemplated by, this Agreement; (iv) changes in any law, including rules, regulations, codes, plans, injunctions, judgments, orders, decrees and rulings thereunder, applicable to the Business or Seller ("Laws"); and (v) changes by Seller in its accounting methods, principles of practice as required by applicable Laws or by GAAP. For purposes of this definition "Material Adverse Effect" shall be deemed to occur whenever the effect in question would exceed \$150,000 individually or in the aggregate.

"Material Contracts" shall have the meaning set out in Section 4.19(a).

"Net Working Capital" shall have the meaning set out in Section 2.1.

"Owned Real Property" shall have the meaning set out in Section 1.2(s). "Permits" shall have the meaning set out in Section 4.21.

"Person" means any corporation, association, joint venture, partnership, limited liability company, organization, business, individual, trust, government or agency or political subdivision thereof or other legal entity.

"Personal Property Leases" shall have the meaning set out in Section 1.2(d).

"Plant Closing" shall have the meaning set out in Section 7.1(f).

"Prepaid Assets" shall have the meaning set out in Section 1.2(w).

"Proceedings" shall have the meaning set out in Section 4.16.

"Products" shall have the meaning set out in Section 4.20.

"Projected Net Working Capital" shall have the meaning set out in Section 2.1.

"Proprietary Information" shall have the meaning set out in Section 4.12.

"PS Policies" shall have the meaning set out in Section 7.1(e).

"Purchase Price" shall have the meaning set out in Section 2.1.

"Purchased Assets" shall have the meaning set out in Section 1.2.

"Purchased Real Property" shall have the meaning set out in Section 4.17.

"Real Property Leases" shall have the meaning set out in Section 1.2(s).

"Receiving Party" shall have the meaning set out in Section 13.9.

"Representatives" shall have the meaning set out in Section 11.3.

"Savannah Airport Lease" shall have the meaning set out in Section 1.2(s).

"Seller" shall have the meaning set out in the first paragraph of this Agreement.

"Seller Affiliates" shall have the meaning set out in Section 4.18.

"Seller Fundamental Representations" shall have the meaning set out in Section 12.1.

"Seller Group" shall have the meaning set out in Section 12.3.

"Smyrna Lease" shall have the meaning set out in Section 1.2(s).

"Taxes" means all federal, state, local, foreign and other income, sales, use, ad valorem, transfer property, gross receipts, excise, withholding, social security, unemployment and employment, occupation, disability, severance, use, service, license, payroll, franchise, transfer, alternative and add-on minimum tax, estimated, stamp, capital stock, environmental, windfall profits tax, custom, import, duty, value added, premium, registration and recording taxes or other taxes, fees, assessments or charges of any kind, together with any interest, fines, any penalties, or additions with respect thereto, and the term "Tax" means any one of the foregoing Taxes imposed by the United States or any state, local or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis which is a liability of Seller for any period occurring prior to the Closing Date.

"Third Party Claim" shall have the meaning set out in Section 12.4.

"Transferred Employees" shall have the meaning set out in Section 7.1(b).

"WARN" shall mean the Worker Adjustment and Retraining Notification Act.

IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed on the day and year first above written.

SELLER:

STANDEX INTERNATIONAL CORPORATION

/s/ David A. Dunbar

By: _____

Name: David A. Dunbar

Its: President/CEO

BUYER:

**AFS ALL-AMERICAN MILLWORK AND
FABRICATING LLC**

/s/ Robert G. Shuler

By: _____

Name: Robert G. Shuler

Its: Managing Member

STANDEX INTERNATIONAL CORPORATION AND SUBSIDIARIES
SUBSIDIARIES OF REGISTRANT

Information is set forth below concerning all operating subsidiaries of the Company as of June 30, 2015 (except subsidiaries which, considered in the aggregate do not constitute a significant subsidiary).

Name of Subsidiary	Jurisdiction of Incorporation
Associated American Industries, Inc.	Texas
Custom Hoists, Inc.	Ohio
Dornbusch & Cia Industria E. Comercio Ltda.	Brazil
MPE Aeroengines, Inc.	Delaware
Mold-Tech Singapore Pte. Ltd.	Singapore
Nor-Lake, Incorporated	Wisconsin
Precision Engineering International Limited	United Kingdom
S. I. de Mexico S.A. de C.V.	Mexico
Standex de Mexico S.A. de C.V.	Mexico
Standex Electronics, Inc.	Delaware
Standex Electronics (U.K.) Limited	United Kingdom
Standex Engraving L.L.C.	Virginia
Standex Europe B.V.	The Netherlands
Standex Holdings Limited	United Kingdom
Standex International GmbH	Germany
Standex International Limited	United Kingdom
Standex International S.r.l.	Italy
Standex (Ireland) Limited	Ireland
SXI Limited	Canada
Ultrafryer Systems, Inc.	Georgia

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated August 27, 2015, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Standex International Corporation and subsidiaries on Form 10-K for the year ended June 30, 2015. We consent to the incorporation by reference of said reports in the Registration Statements of Standex International Corporation and subsidiaries on Form S-8 (File No. 333-147190 and 333-179513).

/s/ GRANT THORNTON LLP

Boston, Massachusetts
August 27, 2015

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-147190, and 333-179513 on Form S-8 of our report dated August 28, 2014, relating to the consolidated financial statements of Standex International Corporation, appearing in this Annual Report on Form 10-K of Standex International Corporation for the year ended June 30, 2015.

/s/ Deloitte & Touche LLP

August 27, 2015
Boston, Massachusetts

POWER OF ATTORNEY

The undersigned, being a director of Standex International Corporation (“Standex”), hereby constitutes David A. Dunbar and Deborah A. Rosen, and each of them singly, my true and lawful attorney with full power to them, and each of them singly, to sign for me and in my name in my capacity as a director of Standex, the Annual Report of Standex on Form 10-K for the fiscal year ended June 30, 2015, and any and all amendments thereto and generally to do such things in my name and behalf to enable Standex to comply with the requirements of the Securities and Exchange Commission relating to Form 10-K.

Witness my signature as of the 15th day of August, 2015.

/s/ Charles H. Cannon, Jr.

Charles H. Cannon, Jr.

POWER OF ATTORNEY

The undersigned, being a director of Standex International Corporation (“Standex”), hereby constitutes David A. Dunbar and Deborah A. Rosen, and each of them singly, my true and lawful attorney with full power to them, and each of them singly, to sign for me and in my name in my capacity as a director of Standex, the Annual Report of Standex on Form 10-K for the fiscal year ended June 30, 2015, and any and all amendments thereto and generally to do such things in my name and behalf to enable Standex to comply with the requirements of the Securities and Exchange Commission relating to Form 10-K.

Witness my signature as of the 15th day of August, 2015.

/s/ Thomas E. Chorman

Thomas E. Chorman

POWER OF ATTORNEY

The undersigned, being a director of Standex International Corporation (“Standex”), hereby constitutes David A. Dunbar and Deborah A. Rosen, and each of them singly, my true and lawful attorney with full power to them, and each of them singly, to sign for me and in my name in my capacity as a director of Standex, the Annual Report of Standex on Form 10-K for the fiscal year ended June 30, 2015, and any and all amendments thereto and generally to do such things in my name and behalf to enable Standex to comply with the requirements of the Securities and Exchange Commission relating to Form 10-K.

Witness my signature as of the 15th day of August, 2015.

/s/ Jeffrey S. Edwards

Jeffrey S. Edwards

POWER OF ATTORNEY

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Witness my signature as of the 15th day of August, 2015.

/s/ William R. Fenoglio

William R. Fenoglio

POWER OF ATTORNEY

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Witness my signature as of the 15th day of August, 2015.

/s/ Gerald H. Fickenscher

Gerald H. Fickenscher

POWER OF ATTORNEY

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Witness my signature as of the 15th day of August, 2015

/s/ Roger L. Fix

Roger L. Fix

POWER OF ATTORNEY

The undersigned, being a director of Standex International Corporation (“Standex”), hereby constitutes David A. Dunbar and Deborah A. Rosen, and each of them singly, my true and lawful attorney with full power to them, and each of them singly, to sign for me and in my name in my capacity as a director of Standex, the Annual Report of Standex on Form 10-K for the fiscal year ended June 30, 2015, and any and all amendments thereto and generally to do such things in my name and behalf to enable Standex to comply with the requirements of the Securities and Exchange Commission relating to Form 10-K.

Witness my signature as of the 15th day of August, 2015.

/s/ Thomas J. Hansen

Thomas J. Hansen

POWER OF ATTORNEY

The undersigned, being a director of Standex International Corporation (“Standex”), hereby constitutes David A. Dunbar and Deborah A. Rosen, and each of them singly, my true and lawful attorney with full power to them, and each of them singly, to sign for me and in my name in my capacity as a director of Standex, the Annual Report of Standex on Form 10-K for the fiscal year ended June 30, 2015, and any and all amendments thereto and generally to do such things in my name and behalf to enable Standex to comply with the requirements of the Securities and Exchange Commission relating to Form 10-K.

Witness my signature as of the 15th day of August, 2015.

/s/ Daniel B. Hogan

Daniel B. Hogan

POWER OF ATTORNEY

The undersigned, being a director of Standex International Corporation (“Standex”), hereby constitutes David A. Dunbar and Deborah A. Rosen, and each of them singly, my true and lawful attorney with full power to them, and each of them singly, to sign for me and in my name in my capacity as a director of Standex, the Annual Report of Standex on Form 10-K for the fiscal year ended June 30, 2015, and any and all amendments thereto and generally to do such things in my name and behalf to enable Standex to comply with the requirements of the Securities and Exchange Commission relating to Form 10-K.

Witness my signature as of the 15th day of August, 2015.

/s/ H. Nicholas Muller, III

H. Nicholas Muller, III

RULE 13a-14(a) CERTIFICATION

I, David Dunbar, certify that:

1. I have reviewed this Annual Report on Form 10-K of Standex International Corporation for the period ending June 30, 2015;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 27, 2015

/s/ David Dunbar

David Dunbar
President/Chief Executive Officer

RULE 13a-14(a) CERTIFICATION

I, Thomas D. DeByle, certify that:

1. I have reviewed this Annual Report on Form 10-K of Standex International Corporation for the period ending June 30, 2015;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 27, 2015

/s/ Thomas D. DeByle

Thomas D. DeByle
Vice President/Chief Financial Officer

SECTION 1350 CERTIFICATION

The following statement is being made to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Each of the undersigned hereby certifies that the Annual Report on Form 10-K for the period ended June 30, 2015 fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Dated: August 27, 2015

/s/ David Dunbar

David Dunbar
President/Chief Executive Officer

Dated: August 27, 2015

/s/ Thomas D. DeByle

Thomas D. DeByle
Vice President/Chief Financial Officer