STANDEX INTERNATIONAL CORP/DE/
Form 10-Q/A
November 03, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

AMENDENT NO. 1

[X]

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

For the quarterly period ended September 30, 2014

[ ]

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

Commission File Number 1-7233

STANDEX INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	31-0596149
(State of incorporation)	*(IRS Employer Identification No.)*

11 KEEWAYDIN DRIVE, SALEM, NEW HAMPSHIRE	03079
(Address of principal executive offices)	*(Zip Code)*

(603) 893-9701

(Registrant s telephone number, including area code)

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES [X] NO [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions 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 [ ] (Do not check if a smaller reporting company) 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 number of shares of Registrant's Common Stock outstanding on October 27, 2014 was 12,754,028.

EXPLANATORY NOTE

The sole purpose of this Amendment No. 1 to the Standex International Corporation s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 (Form 10-Q), filed with the Securities and Exchange commission on October 31, 2014, is to furnish Exhibit 101 to the Form 10-Q which was removed from the filing documents due to an error in the actual submission through EDGAR. No other changes have been made to the Form 10-Q and this Amendment No. 1 has not been updated to reflect events subsequent to the filing of the Form 10-Q.

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PART I. FINANCIAL INFORMATION

ITEM 1

STANDEX INTERNATIONAL CORPORATION

Unaudited Condensed Consolidated Balance Sheets

(In thousands, except per share data)		September 30, 2014		June 30, 2014
ASSETS				
Current Assets:				
Cash and cash equivalents	$	71,983	$	74,260
Accounts receivable, net		114,458		107,674
Inventories		111,491		97,065
Prepaid expenses and other current assets		7,592		7,034
Income taxes receivable		-		922
Deferred tax asset		13,072		12,981
Total current assets		318,596		299,936
Property, plant, and equipment, net		108,991		96,697
Intangible assets, net		40,789		31,490
Goodwill		156,278		125,965
Deferred tax asset		910		878
Other non-current assets		24,983		23,194
Total non-current assets		331,951		278,224
Total assets	$	650,547	$	578,160
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable	$	70,998	$	85,206
Accrued expenses		47,508		51,038
Income taxes payable		7,766		4,926
Total current liabilities		126,272		141,170
Long-term debt		125,049		45,056
		56,255		51,208

Accrued pension and other non-current liabilities				
Total non-current liabilities		181,304		96,264
Stockholders' equity:				
Common stock, par value $1.50 per share - 60,000,000 shares				
authorized, 27,984,278 issued, 12,647,147 and 12,639,615				
outstanding at September 30, 2014 and June 30, 2014		41,976		41,976
Additional paid-in capital		44,620		43,388
Retained earnings		597,285		584,014
Accumulated other comprehensive loss		(63,320)		(55,819)
Treasury shares (15,337,131 shares at September 30, 2014				
and 15,344,663 shares at June 30, 2014)		(277,590)		(272,833)
Total stockholders' equity		342,971		340,726
Total liabilities and stockholders' equity	$	650,547	$	578,160

See notes to unaudited condensed consolidated financial statements

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STANDEX INTERNATIONAL CORPORATION

Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended September 30,			
(In thousands, except per share data)		2014		2013
Net sales	$	202,027	$	178,140
Cost of sales		135,915		117,735
Gross profit		66,112		60,405
Selling, general, and administrative expenses		43,954		39,535
Restructuring costs		862		3,806
Other operating (income) expense, net		59		-
Total operating expenses		44,875		43,341
Income from operations		21,237		17,064
Interest expense		(643)		(560)
Other non-operating income (expense)		265		454
Income from continuing operations before income taxes		20,859		16,958
Provision for income taxes		5,932		4,610
Income from continuing operations		14,927		12,348
Income (loss) from discontinued operations, net of income taxes		(375)		(3,266)
Net income (loss)	$	14,552	$	9,082
Basic earnings (loss) per share:				
Continuing operations	$	1.18	$	0.98
Discontinued operations		(0.03)		(0.26)
Total	$	1.15	$	0.72
Diluted earnings (loss) per share:				
Continuing operations	$	1.16	$	0.97
Discontinued operations		(0.03)		(0.26)
Total	$	1.13	$	0.71

Cash dividends per share	$	0.10	$	0.08

See notes to unaudited condensed consolidated financial statements

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STANDEX INTERNATIONAL CORPORATION

Unaudited Condensed Consolidated Statements of Comprehensive Income

	Three Months Ended September 30,	
(In thousands)	**2014**	**2013**
Net income (loss)	$ 14,552	$ 9,082
Other comprehensive income (loss):		
Defined benefit pension plans:		
Actuarial gains (losses) and other changes in unrecognized costs	594	(956)
Amortization of unrecognized costs	1,185	1,423
Derivative instruments:		
Change in unrealized gains and (losses)	(2)	(90)
Amortization of unrealized gains and (losses) into interest expense	258	267
Foreign currency translation gains (losses)	(8,809)	4,529
Other comprehensive income (loss) before tax	(6,774)	5,173
Income tax provision (benefit):		
Defined benefit pension plans:		
Actuarial gains (losses) and other changes in unrecognized costs	(208)	567
Amortization of unrecognized costs	(421)	(509)
Derivative instruments:		
Change in unrealized gains and (losses)	1	34
Amortization of unrealized gains and (losses) into interest expense	(99)	(101)
Income tax (provision) benefit to other comprehensive income (loss)	(727)	(9)
Other comprehensive income (loss), net of tax	(7,501)	5,164
Comprehensive income (loss)	$ 7,051	$ 14,246

See notes to unaudited condensed consolidated financial statements

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STANDEX INTERNATIONAL CORPORATION

Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)	Three Months Ended September 30, 2014		2013	
Cash flows from operating activities				
Net income	$	14,552	$	9,082
(Income) loss from discontinued operations		375		3,266
Income from continuing operations		14,927		12,348
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization		4,011		3,689
Stock-based compensation		1,045		849
Non-cash portion of restructuring charge		(249)		3,294
Contributions to defined benefit plans		(323)		(358)
Net changes in operating assets and liabilities		(30,370)		(18,528)
Net cash provided by (used in) operating activities - continuing operations		(10,959)		1,294
Net cash provided by (used in) operating activities - discontinued operations		117		(351)
Net cash provided by (used in) operating activities		(10,842)		943
Cash flows from investing activities				
Expenditures for property, plant, and equipment		(7,199)		(3,730)
Expenditures for acquisitions, net of cash acquired		(57,149)		-
Other investing activity		1,546		10
Net cash (used in) investing activities - continuing operations		(62,802)		(3,720)
		-		(520)

Net cash (used in) investing activities - discontinued operations				
Net cash (used in) investing activities		(62,802)		(4,240)
Cash flows from financing activities				
Borrowings on revolving credit facility		88,600		17,700
Payments of revolving credit facility		(8,600)		(17,700)
Activity under share-based payment plans		551		72
Excess tax benefit from share-based payment activity		1,308		1,470
Purchases of treasury stock		(6,427)		(3,045)
Cash dividends paid		(1,264)		(1,004)
Net cash provided by (used in) financing activities		74,168		(2,507)
Effect of exchange rate changes on cash and cash equivalents		(2,801)		795
Net change in cash and cash equivalents		(2,277)		(5,009)
Cash and cash equivalents at beginning of year		74,260		51,064
Cash and cash equivalents at end of period	$	71,983	$	46,055
Supplemental Disclosure of Cash Flow Information:				
Cash paid during the year for:				
Interest	$	473	$	429
Income taxes, net of refunds	$	1,049	$	3,280

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See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1)

Management Statement

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly the results of operations for the three months ended September 30, 2014 and 2013, the cash flows for the three months ended September 30, 2014 and 2013 and the financial position of Standex International Corporation (Standex or the Company), at September 30, 2014. The interim results are not necessarily indicative of results for a full year. The unaudited condensed consolidated financial statements and notes do not contain information which would substantially duplicate the disclosures contained in the audited annual consolidated financial statements and notes for the year ended June 30, 2014. The condensed consolidated balance sheet at June 30, 2014 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. The financial statements contained herein should be read in conjunction with the Annual Report on Form 10-K and in particular the audited consolidated financial statements for the year ended June 30, 2014. There have been no changes to our Summary of Accounting Policies subsequent to June 30, 2014. Unless otherwise noted, references to years are to the Company s fiscal years.

2)

Acquisition

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 preliminarily 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 $32.8 million is not deductible for income tax purposes due to the nature of the transaction. The Company anticipates finalizing the purchase price allocation, primarily as it relates to acquired intangible assets, during the quarter ending December 31, 2014.

The components of the fair value of the Enginetics acquisition, including the preliminary allocation of the purchase price at September 30, 2014, are as follows (in thousands):

Enginetics		**Preliminary Allocation**
Fair value of business combination:		
Cash payments	$	55,021
Less: cash acquired		(113)
Total	$	54,908
Identifiable assets acquired and liabilities assumed:		
Current Assets	$	12,350
Property, plant, and equipment		8,881
Identifiable intangible assets		10,600
Goodwill		32,797
Other non-current assets		158

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Liabilities Assumed		(2,826)
Deferred taxes		(7,052)
Total	$	54,908

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 the preliminary allocation of the purchase price and subsequent measurement periods adjustments, related to the purchase of land and building, at September 30, 2014, are as follows (in thousands):

Ultrafryer		**Preliminary Allocation**		**Adjustments**		**Final**
Fair value of business combination:						
Cash payments	$	20,745	$	2,241	$	22,986
Less: cash acquired		(20)		-		(20)
Total	$	20,725	$	2,241	$	22,966
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	$	20,725	$	2,241	$	22,966

3)

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, 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.

During 2014, the Company received notice that its obligations under a guarantee provided to the buyer of the previously announced divested Air Distribution Products Group (ADP), were triggered as a result of the buyer s withdrawal from both of the multi-employer pension plans in which ADP previously participated. As a result, during fiscal 2014 the Company recorded charges of $1.6 million, in excess of the value of the guarantee

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previously recorded in order to fully settle these obligations, of which $1.2 million was recorded in the first quarter of fiscal 2014, and $0.4 million was incurred in the fourth quarter of 2014.

Discontinued operations for the three months ended September 30, 2014 and 2013 are as follows (in thousands):

	Three Months Ended September 30,			
	2014		2013	
Net sales	$	-	$	5,463
Pre-tax earnings		(521)		(4,636)
(Provision) benefit for taxes		146		1,370
Net earnings (loss) from discontinued operations	$	(375)	$	(3,266)

Assets and liabilities related to discontinued operations appear in the condensed consolidated balance sheets are as follows (in thousands):

	September 30, 2014		June 30, 2014	
Current assets	$	-	$	199
Other non-current assets		3,014		3,014
Accrued expenses		1,860		2,340
Accrued pension and other non-current liabilities		1,571		1,791

4)

Fair Value Measurements

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. Where 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.

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. 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.

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During the three months ended September 30, 2014, there were no transfers of assets or liabilities between level 1 and level 2 of the fair value measurement hierarchy. The Company s policy is to recognize transfers between levels as of the date they occur.

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

Items presented at fair value at September 30, 2014 and June 30, 2014 consisted of the following (in thousands):

	September 30, 2014			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Marketable securities - deferred compensation plan	$ 3,187	$ 3,187	$ -	$ -
Foreign exchange contracts	104	-	104	-
Liabilities				
Interest rate swaps	$ 804	$ -	$ 804	$ -
Foreign exchange contracts	448	-	448	-

	June 30, 2014			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Marketable securities - deferred compensation plan	$ 3,114	$ 3,114	$ -	$ -
Foreign exchange contracts	356	-	356	-

Liabilities								
Interest rate swaps	$	1,061	$	-	$	1,061	$	-
Foreign exchange contracts		1,552		-		1,552		-

5)

Inventories

Inventories are comprised of the following (in thousands):

		September 30, 2014		June 30, 2014
Raw materials	$	50,119	$	44,273
Work in process		30,124		24,551
Finished goods		31,248		28,241
Total	$	111,491	$	97,065

Distribution costs associated with the sale of inventory are recorded as a component of selling, general and administrative expenses in the accompanying unaudited condensed consolidated statements of operations were $6.4 million and $5.5 million for the three months ended September 30, 2014 and 2013, respectively.

6)

Goodwill

Changes to goodwill during the three months ended September 30, 2014 were as follows (in thousands):

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	June 30, 2014	Acquisitions	Translation Adjustment	September 30, 2014
Food Service Equipment Group	$ 56,731	$ 91	$ (5)	$ 56,817
Engraving Group	20,716	-	(194)	20,522
Engineering Technologies Group	12,188	32,797	(625)	44,360
Electronics Products Group	33,272	-	(1,751)	31,521
Hydraulics Products Group	3,058	-	-	3,058
Total	$ 125,965	$ 32,888	$ (2,575)	$ 156,278

7)

Intangible Assets

Intangible assets consist of the following (in thousands):

	Customer Relationships	Trademarks	Other	Total
September 30, 2014				
Cost	$ 44,422	$ 15,810	$ 4,044	$ 64,276
Accumulated amortization	(21,341)	-	(2,146)	(23,487)
Balance, September 30, 2014	$ 23,081	$ 15,810	$ 1,898	$ 40,789
June 30, 2014				
Cost	$ 36,145	$ 14,508	$ 4,061	$ 54,714
Accumulated amortization	(21,137)	-	(2,087)	(23,224)
Balance, June 30, 2014	$ 15,008	$ 14,508	$ 1,974	$ 31,490

Amortization expense for the three months ended September 30, 2014 and 2013 were both $0.7 million. At September 30, 2014, amortization expense is estimated to be $2.1 million for the remainder of 2015, $3.1 million in 2016, $2.9 million in 2017, $2.7 million in 2018, $2.5 million in 2019, and $10.3 million thereafter.

8)

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 warranty reserve, which are recorded as a component of accrued liabilities, for the three months ended September 30, 2014 and year ended June 30, 2014 were as follows (in thousands):

		September 30, 2014		June 30, 2014
Balance at beginning of year	$	6,941	$	6,782
Acquisitions		-		274
Warranty expense		1,525		3,937
Warranty claims		(1,360)		(4,052)
Balance at end of period	$	7,106	$	6,941

9)

Debt

As of September 30, 2014, the Company s debt is due as follows (in thousands):

Fiscal Year		
2015	$	14
2016		14
2017		125,014
2018		7
2019		-
Thereafter		-
	$	125,049

Bank Credit Agreements

The Company has in place a five-year $225 million unsecured Revolving Credit Facility (Credit Agreement , the Facility), which expires in January 2017 and includes a letter of credit sub-facility with a limit of $30 million and a $100 million accordion feature. As of September 30, 2014 the Company has used $9.7 million against the letter of credit sub-facility and had the ability to borrow $90.3 million under the Facility.

At September 30, 2014, the carrying value of the current borrowings under the facility approximates fair value.

10)

Derivative Financial Instruments

Interest Rate Swaps

From time to time as dictated by market opportunities, the Company enters into interest rate swap agreements designed to manage exposure to interest rates on the Company s variable rate indebtedness. The Company recognizes all derivatives on its balance sheet at fair value. The Company has designated its interest rate swap agreements, including those that are forward-dated, as cash flow hedges, and changes in the fair value of the swaps are recognized in other comprehensive income 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 s effective swap agreements convert the base borrowing rate on $40 million of debt due under our revolving credit agreement from a variable rate equal to LIBOR to a weighted average fixed rate of 2.50% at September 30, 2014. The fair value of the swaps recognized in accrued expenses and in other comprehensive income is as follows (in thousands, except percentages):

					Fair Value			
Effective Date	Notional Amount		Fixed Rate	Maturity	September 30, 2014		June 30, 2014	
June 1, 2010	$	5,000	2.495%	May 24, 2015	$	(79)	$	(108)
June 1, 2010		5,000	2.495%	May 24, 2015		(79)		(108)
June 8, 2010		10,000	2.395%	May 26, 2015		(150)		(206)
June 9, 2010		5,000	2.340%	May 26, 2015		(73)		(100)
June 18, 2010		5,000	2.380%	May 24, 2015		(75)		(103)
September 21, 2011		5,000	1.280%	September 21, 2013		-		-
September 21, 2011		5,000	1.595%	September 22, 2014		-		(18)
March 15, 2012		10,000	2.745%	March 15, 2016		(348)		(418)
					$	(804)	$	(1,061)

The Company reported no losses for the three months ended September 30, 2014, 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

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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 sales, 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 statement of operations. At September 30, 2014 and June 30, 2014, the Company had outstanding forward contracts related to hedges of intercompany loans with net unrealized (losses) of ($0.3) million and ($1.2) million, respectively, which approximate the unrealized gains and losses on the related loans. The notional amounts of the Company s forward contracts, by currency, are as follows:

	Notional Amount (in native currency)	
Currency	**September 30, 2014**	**June 30, 2014**
Euro	21,011,032	24,289,064
British Pound Sterling	2,190,362	3,600,000
Canadian Dollar	-	3,975,192

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

	Asset Derivatives					
	September 30, 2014			June 30, 2014		
Derivative designated as hedging instruments	**Balance Sheet Line Item**		**Fair Value**	**Balance Sheet Line Item**		**Fair Value**
Foreign exchange contracts	Other Assets	$	104	Other Assets	$	356

	Liability Derivatives					
	September 30, 2014			June 30, 2014		
Derivative designated as hedging instruments	**Balance Sheet Line Item**		**Fair Value**	**Balance Sheet Line Item**		**Fair Value**
Interest rate swaps	Accrued Liabilities	$	804	Accrued Liabilities	$	1,061
Foreign exchange contracts	Accrued Liabilities		448	Accrued Liabilities		1,552
		$	1,252		$	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):

	Three Months Ended September 30,			
	2014		2013	
Interest rate swaps	$	(2)	$	(90)

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

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Details about Accumulated Other Comprehensive Income (Loss) Components	Three Months Ended September 30,				Affected line item in the Statements of Operations
	2014		2013		
Interest rate swaps	$	258	$	267	Interest expense

11)

Retirement Benefits

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. employees is frozen for substantially all participants and has been replaced with a defined contribution benefit plan.

Net Periodic Benefit Cost for the Company s U.S. and Foreign pension benefit plans for the three months ended September 30, 2014 and 2013 consisted of the following components (in thousands):

	U.S. Plans Three Months Ended September 30,				Non-U.S. Plans Three Months Ended September 30,			
	2014		2013		2014		2013	
Service cost	$	53	$	85	$	12	$	11
Interest cost		2,619		2,810		432		414
Expected return on plan assets		(3,489)		(3,378)		(392)		(370)
Recognized net actuarial loss		986		1,172		200		196
Amortization of prior service cost		14		15		(15)		-
Net periodic benefit cost	$	183	$	704	$	237	$	251

The Company expects to pay $1.7 million in prescribed contributions to its U.K. defined benefit plan and other unfunded defined benefit plans in both the U.S. and Europe during fiscal year 2015. Contributions of $0.3 million and $0.4 million were made during the three months ended September 30, 2014 and 2013, respectively.

12)

Income Taxes

The Company's effective tax rate from continuing operations for the first quarter of 2015 was 28.4% compared with 27.2% for the prior year quarter. The higher effective tax rate in 2015 is primarily due to a greater proportion of U.S. based income, which is taxed at a higher rate.

13)

Earnings Per Share

The following table sets forth a reconciliation of the number of shares (in thousands) used in the computation of basic and diluted earnings per share:

	Three Months Ended September 30,	
	2014	**2013**
Basic - Average shares outstanding	12,652	12,573
Effect of dilutive securities:		
Unvested stock awards	181	196
Diluted - Average shares outstanding	12,833	12,769

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Earnings available to common stockholders are the same for computing both basic and diluted earnings per share. No options to purchase common stock were excluded as anti-dilutive from the calculation of diluted earnings per share for the three months ended September 30, 2014 and 2013, respectively.

Performance stock units of 31,199 and 35,514 for the three months ended September 30, 2014 and 2013, respectively, are excluded from the diluted earnings per share calculation as the performance criteria have not been met.

14)

Comprehensive Income (Loss)

The components of the Company s accumulated other comprehensive loss are as follows (in thousands):

		September 30, 2014		June 30, 2014
Foreign currency translation adjustment	$	991	$	9,800
Unrealized pension losses, net of tax		(63,818)		(64,968)
Unrealized losses on derivative instruments, net of tax		(493)		(651)
Total	$	(63,320)	$	(55,819)

15)

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.

16)

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, roll engraving and process machinery for a number of industries.

Engineering Technologies Group provides customized solutions in the fabrication and machining of engineered components for the aerospace, energy, aviation, medical, oil and gas, and general industrial markets.

Electronics Products Group manufacturing and selling of electronic components for applications throughout the end-user market spectrum.

Hydraulics Products Group manufacturing and selling of single- and double-acting telescopic and piston rod hydraulic cylinders.

Net sales and income (loss) from continuing operations by segment for the three months ended September 30, 2014 and 2013 were as follows (in thousands):

	Three Months Ended September 30,			
	Net Sales		Income from Operations	
	2014	2013	2014	2013
Segment:				
Food Service Equipment Group	$ 113,833	$ 99,911	$ 11,673	$ 11,969
Engraving Group	28,088	25,027	6,943	4,773
Engineering Technologies Group	20,119	17,265	2,220	2,082
Electronics Products Group	29,470	28,144	5,546	5,138
Hydraulics Products Group	10,517	7,793	1,722	1,174
Restructuring costs			(862)	(3,806)
Other operating income (expense), net			(59)	-
Corporate			(5,946)	(4,266)
Sub-total	$ 202,027	$ 178,140	$ 21,237	$ 17,064
Interest expense			(643)	(560)
Other non-operating income			265	454
Income from continuing operations before income taxes			$ 20,859	$ 16,958

Net sales include only transactions with unaffiliated customers and include no intersegment sales. Income (loss) from operations by segment excludes interest expense and other non-operating income (expense).

The Company s identifiable assets at September 30, 2014 and June 30, 2014 are as follows (in thousands):

	September 30, 2014	June 30, 2014
Food Service Equipment Group	$ 226,403	$ 214,674
Engraving Group	102,106	101,106
Engineering Technologies Group	141,578	75,591
Electronics Products Group	98,571	103,699
Hydraulics Products Group	17,882	16,410

Corporate & Other		64,007		66,680
Total	$	650,547	$	578,160

17)

Restructuring

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

	Three Months Ended September 30, 2014					
Fiscal 2015	**Involuntary Employee Severance and Benefit Costs**		**Other**		**Total**	
Restructuring initiatives	$	34	$	3	$	37
Prior year initiatives		125		700		825
	$	159	$	703	$	862

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	Three Months Ended September 30, 2013		
Fiscal 2014	**Involuntary Employee Severance and Benefit Costs**	**Other**	**Total**
Restructuring initiatives	$ 351	$ 3,383	$ 3,734
Prior year initiatives	72	-	72
	$ 423	$ 3,383	$ 3,806

2015 Restructuring Initiatives

The Company has continued to focus on our efforts to reduce cost and improve productivity across our businesses, particularly through headcount reductions in the Engraving Group during the first quarter primarily in Europe. Restructuring expenses related to all 2015 initiatives are expected to be $3.8 million, of which less than $0.1 million was incurred during the first quarter.

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

	Involuntary Employee Severance and Benefit Costs	**Other**	**Total**
Restructuring liabilities at June 30, 2014	$ -	$ -	$ -
Additions and adjustments	34	3	37
Payments	(22)	(3)	(25)
Restructuring liabilities at September 30, 2014	$ 12	$ -	$ 12

Prior Year Initiatives

The Company previously announced a consolidation of our Food Service Equipment Group Cheyenne, Wyoming plant into its Mexico facility. During the first quarter of fiscal year 2014 we recorded a non-cash expense of $3.3 million related to the impairment of long-lived assets in Cheyenne. During fiscal year 2015, restructuring expenses related to this initiative are expected to be $1.3 million, of which $0.8 million was incurred during the first quarter of 2015 and the cumulative expense related to this initiative is $10.8 million.

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

	Involuntary Employee Severance and Benefit Costs		Other		Total	
Restructuring liabilities at June 30, 2014	$	555	$	-	$	555
Additions and adjustments		125		700		825
Payments		(441)		(645)		(1,086)
Restructuring liabilities at September 30, 2014	$	239	$	55	$	294

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

	Three Months Ended September 30, 2014

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	Involuntary Employee Severance and Benefit Costs	Other	Total
Food Service Equipment Group	$ 114	$ 561	$ 675
Engraving Technologies Group	34	3	37
Electronics Products Group	11	139	150
	$ 159	$ 703	$ 862

	Three Months Ended September 30, 2013		
	Involuntary Employee Severance and Benefit Costs	Other	Total
Food Service Equipment Group	$ 18	$ 3,328	$ 3,346
Engraving Technologies Group	245	7	252
Electronics Products Group	160	48	208
	$ 423	$ 3,383	$ 3,806

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements contained in this Quarterly Report on Form 10-Q 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.

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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 business objective has several primary components.

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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.

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We create Customer Intimacy by partnering with our customers in order to develop and deliver customer solutions or engineered products that provide higher levels of value-added 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 in developing new sales channels and leveraging strategic customer relationships.

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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, 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.

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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 to reflect the measure of quality from the earnings that we generate over time.

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 of 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.

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 consolidation of operations in the Cooking Solutions 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.

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 uses 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 within the narrative below. We may also supplement 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 disclosure of these items provides enhanced information to investors by indicating their impact 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.

Results from Continuing Operations

	Three Months Ended September 30,			
(Dollar amounts in thousands)		**2014**		**2013**
Net sales	$	202,027	$	178,140
Gross profit margin		32.7%		33.9%
Income from operations		21,237		17,064
Backlog (realizable within 1 year)		168,636		120,790

	Three Months Ended	
(In thousands)	**September 30, 2014**	
Net sales, prior period	$	178,140

Components of change in sales:		
Effect of exchange rates		281
Effect of acquisitions		6,214
Organic sales change		17,392
Net sales, current period	$	202,027

Net sales for the first quarter of 2015 increased $23.9 million, or 13.4%, when compared to the prior year quarter. This change was due to organic sales increases at all segments and sales generated by the acquisitions of Ultrafryer and Enginetics.

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Gross Profit Margin

Our gross margin for the first quarter of 2015 was 32.7% compared to the prior year quarter of 33.9%. Purchase accounting expenses related to inventory step up and backlog contributed to $0.8 million or 0.4% of the gross margin decrease during the first quarter of 2015.

Selling, General, and Administrative Expenses

Selling, General, and Administrative Expenses for the first quarter of 2015 were $44.0 million, or 21.8% of sales, compared to $39.5 million, or 22.2% of sales, during the prior year quarter. The expense increase was partially driven by increased spending in distribution and selling expenses due to a 13% increase in sales volume, along with $1.3 million of incremental expenses associated with the recent acquisitions.

Income from Operations

Income from operations for the first quarter of 2015 was $21.2 million compared to $17.1 million during the prior year quarter. The change is due to increased sales volume in the current year and first quarter of fiscal year 2014 impact of a $3.3 million non-cash impairment charge associated with the closure of a Food Service facility located in Cheyenne, Wyoming.

Interest Expense

Interest expense for the first quarter of 2015 remained nearly flat at $0.6 million. Increased borrowings associated with the Enginetics acquisition did not materially impact interest expense due to the timing of the transaction during the quarter.

Income Taxes

The Company's effective tax rate from continuing operations for the first quarter of 2015 was 28.4% compared with 27.2% for the prior year quarter. The higher effective tax rate in 2015 is primarily due to a greater proportion of U.S. based income, which is taxed at a higher rate.

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 $47.8 million, or 39.6%, to $168.6 million at September 30, 2014 from $120.8 million at September 30, 2013, partially a result of a $28.9 million backlog associated with the recent acquisitions.

Segment Analysis

Food Service Equipment Group

	Three Months Ended		
	September 30,		%
(In thousands, except percentages)	2014	2013	Change
Net sales	$ 113,833	$ 99,911	13.9%
Income from operations	11,673	11,969	-2.5%
Operating income margin	10.3%	12.0%	

Net sales in the first quarter of fiscal year 2015 increased $13.9 million, or 13.9%, when compared to the prior year quarter. The Refrigeration Solutions