FORM 10-Q

STANDEX INTERNATIONAL CORP/DE/ - SXI

Filed: May 02, 2017 (period: March 31, 2017)

Quarterly report with a continuing view of a company's financial position

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

FORM 10-Q

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

For the quarterly period ended March 31, 2017

[ ] 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)

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 [ ]

DELAWARE *(State of incorporation)*	31-0596149 *(IRS 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)

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 April 27, 2017 was 12,745,002.

STANDEX INTERNATIONAL CORPORATION

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PART I. FINANCIAL INFORMATION
ITEM 1

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Balance Sheets

(In thousands, except per share data)	March 31, 2017	June 30, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 87,953	$ 121,988
Accounts receivable, net of reserve of $2,092 and $2,119 at March 31, 2017 and June 30, 2016	113,894	103,974
Inventories	119,384	105,402
Prepaid expenses and other current assets	8,284	4,784
Income taxes receivable	4,027	1,325
Deferred tax asset	15,136	16,013
Assets held for sale	-	2,363
Total current assets	348,678	355,849
Property, plant, and equipment, net	125,670	106,686
Intangible assets, net	108,373	40,412
Goodwill	237,751	157,354
Deferred tax asset	2,089	11,361
Other non-current assets	25,415	18,795
Total non-current assets	499,298	334,608
Total assets	$ 847,976	$ 690,457

LIABILITIES AND STOCKHOLDERS' EQUITY
Current Liabilities:

Accounts payable	$	74,077	$	77,099
Accrued liabilities		53,125		50,785
Income taxes payable		6,256		4,695
Liabilities held for sale		-		1,528
Total current liabilities		133,458		134,107
Long-term debt		215,388		92,114
Accrued pension and other non-current liabilities		110,918		94,277
Total non-current liabilities		326,306		186,391
Stockholders' equity:				
Common stock, par value $1.50 per share, 60,000,000 shares authorized, 27,984,278 issued, 12,663,648 and 12,674,458 outstanding at March 31, 2017 and June 30, 2016		41,976		41,976
Additional paid-in capital		56,178		52,374
Retained earnings		703,918		678,002
Accumulated other comprehensive loss		(123,455)		(117,975)
Treasury shares: 15,320,630 shares at March 31, 2017 and 15,309,820 shares at June 30, 2016		(290,405)		(284,418)
Total stockholders' equity		388,212		369,959
Total liabilities and stockholders' equity	$	847,976	$	690,457

See notes to unaudited condensed consolidated financial statements.

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended March 31,				Nine Months Ended March 31,			
(In thousands, except per share data)	2017		2016		2017		2016	
Net sales	$	184,715	$	177,465	$	538,169	$	557,811
Cost of sales		123,367		118,827		358,152		372,386
Gross profit		61,348		58,638		180,017		185,425
Selling, general, and administrative expenses		43,472		41,087		125,578		125,713
Acquisition related costs		5,422		-		6,925		-
Restructuring costs		1,019		391		3,077		3,387
Total operating expenses		49,913		41,478		135,580		129,100
Income from operations		11,435		17,160		44,437		56,325
Interest expense		(953)		(807)		(2,499)		(2,182)
Other non-operating income (expense), net		52		(115)		819		369
Income from continuing operations before income taxes		10,534		16,238		42,757		54,512
Provision for income taxes		2,890		4,667		10,904		14,354
Income from continuing operations		7,644		11,571		31,853		40,158
Income (loss) from discontinued operations, net of income taxes		1		(55)		(43)		(290)
Net income	$	7,645	$	11,516	$	31,810	$	39,868
Basic earnings (loss) per share:								
Continuing operations	$	0.60	$	0.91	$	2.51	$	3.17
Discontinued operations		-		-		-		(0.02)
Total	$	0.60	$	0.91	$	2.51	$	3.15
Diluted earnings (loss) per share:								
Continuing operations	$	0.60	$	0.91	$	2.50	$	3.14
Discontinued operations		-		-		-		(0.02)
Total	$	0.60	$	0.91	$	2.50	$	3.12
Cash dividends per share	$	0.16	$	0.14	$	0.46	$	0.40

See notes to unaudited condensed consolidated financial statements.

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Statements of Comprehensive Income

(In thousands)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016
Net income (loss)	$ 7,645	$ 11,516	$ 31,810	$ 39,868
Other comprehensive income (loss):				
Defined benefit pension plans:				
Actuarial gains (losses) and other changes in unrecognized costs	$ (128)	$ 94	$ 503	$ 651
Amortization of unrecognized costs	1,427	1,188	4,294	3,590
Derivative instruments:				
Change in unrealized gains and (losses)	(3,445)	(963)	(2,891)	(1,007)
Amortization of unrealized gains and into interest expense	80	247	384	474
Foreign currency translation gains (losses)	4,498	5,159	(7,109)	(5,760)
Other comprehensive income (loss) before tax	$ 2,432	$ 5,725	$ (4,819)	$ (2,052)
Income tax provision (benefit):				
Defined benefit pension plans:				
Actuarial gains (losses) and other changes in unrecognized costs	$ 29	$ (4)	$ (105)	$ (119)
Amortization of unrecognized costs	(503)	(420)	(1,511)	(1,265)
Derivative instruments:				
Change in unrealized gains and (losses)	1,311	368	1,100	384
Amortization of unrealized gains and (losses) into interest expense	(30)	(95)	(146)	(181)
Income tax provision (benefit) to other comprehensive income (loss)	$ 807	$ (151)	$ (662)	$ (1,181)
Other comprehensive income (loss), net of tax	3,239	5,574	(5,481)	(3,233)
Comprehensive income	$ 10,884	$ 17,090	$ 26,329	$ 36,635

See notes to unaudited condensed consolidated financial statements.

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016
Cash flows from operating activities		
Net income	$ 31,810	$ 39,868
Loss from discontinued operations	(43)	(290)

Income from continuing operations	31,853	40,158
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	13,824	13,317
Stock-based compensation	3,915	3,777
Non-cash portion of restructuring charge	227	1,512
Excess tax benefit from share-based payment activity	(593)	(795)
Contributions to defined benefit plans	(962)	(963)
Net changes in operating assets and liabilities	(17,381)	(9,710)
Net cash provided by operating activities - continuing operations	30,883	47,296
Net cash used in operating activities - discontinued operations	(458)	(748)
Net cash provided by operating activities	30,425	46,548
Cash flows from investing activities		
Expenditures for property, plant, and equipment	(17,824)	(13,264)
Expenditures for acquisitions, net of cash acquired	(153,815)	(13,700)
Proceeds from sales of real estate and equipment	129	259
Disposition of a business	534	-
Other investing activity	(376)	(417)
Net cash used in investing activities - continuing operations	(171,352)	(27,122)
Net cash provided by investing activities - discontinued operations	-	2,803
Net cash used in investing activities	(171,352)	(24,319)
Cash flows from financing activities		
Borrowings on revolving credit facility	250,000	58,000
Payments of revolving credit facility	(127,000)	(54,000)
Activity under share-based payment plans	715	816
Excess tax benefit from share-based payment activity	593	795
Purchases of treasury stock	(7,406)	(3,167)
Cash dividends paid	(5,826)	(5,071)
Net cash provided by financing activities	111,076	(2,627)
Effect of exchange rate changes on cash and cash equivalents	(4,184)	(2,329)
Net change in cash and cash equivalents	(34,035)	17,273
Cash and cash equivalents at beginning of year	121,988	96,128
Cash and cash equivalents at end of period	$ 87,953	$ 113,401
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 2,010	$ 1,755
Income taxes, net of refunds	$ 10,400	$ 18,242

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 and nine months ended March 31, 2017 and 2016, the cash flows for the nine months ended March 31, 2017 and 2016 and the financial position of Standex International Corporation ("Standex", the "Company", "we", "us", or "our"), at March 31, 2017. 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, 2016. The condensed consolidated balance sheet at June 30, 2016 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, 2016. Certain prior period amounts have been reclassified to conform to the current period presentation. Unless otherwise noted, references to years are to the Company's fiscal years.

There have been no significant changes in our reported financial position, results of operations, cash flows or to our critical accounting policies that were disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2016 that have had a significant impact on our consolidated financial statements or notes herein.

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 unaudited condensed consolidated financial statements were issued.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, its final standard on revenue from contracts with customers. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying the revenue model to contracts within its scope, an entity identifies the contract(s) with a customer, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to the performance obligations in the contract, and recognizes revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 applies to all contracts with customers that are within the scope of other topics in the FASB Accounting Standards Codification. ASU 2014-09 also requires significantly expanded disclosures about revenue recognition. This guidance is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The Company is currently assessing the potential impact of the adoption of ASU 2014-09 on its consolidated financial statements.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740), Balance Sheet Classification of Deferred Taxes*, to simplify the presentation of deferred income taxes. Under the new standard, both deferred tax liabilities and deferred tax assets are required to be classified as non-current on the consolidated balance sheet. ASU 2015-17 will become effective for fiscal years, and the interim periods within those years, beginning after December 15, 2016 with early adoption permitted. The Company is currently assessing the potential impact of the adoption of ASU 2015-17 on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is currently assessing the potential impact of the adoption of ASU 2016-02 on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation–Stock Compensation (Topic 718)*. The new standard simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. Under this guidance, a company recognizes all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement. This change eliminates the notion of the additional paid-in capital pool and reduces the complexity in accounting for excess tax benefits and tax deficiencies. The new standard is effective for public companies for annual reporting periods beginning after December 15, 2016, including interim periods within those annual reporting periods, however, early adoption is allowed. The Company is currently assessing the potential impact of the adoption of ASU 2016-09 on its consolidated financial statements.

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-15, *Statement of Cash Flows (Topic 230): Classification of certain cash receipts and cash payments (a consensus of the emerging issues take force).* This standard is effective for fiscal years beginning after December 15, 2017. The standard requires a retrospective application and early adoption is acceptable. The Company is continuing to evaluate the impact of adopting ASU 2016-15 on its consolidated financial statements.

2) Acquisitions

Each of the Company's recent acquisitions are strategically significant to the future growth prospects of the Company. The Company evaluated the significance of each acquisition on a standalone basis and in aggregate, considering both qualitative and quantitative factors.

OKI Sensor Device Corporation

During the third quarter of fiscal year 2017, the Company acquired all of the outstanding shares of OKI Sensor Device Corporation from OKI Electric Industry Co., Ltd. Located in Kofu City, Japan, OKI Sensor Device Corporation is the world's leading designer and supplier of magnetic reed switches. Now named Standex Electronics Japan Corporation ("Standex Electronics Japan"), the acquisition enhances the Company's access to important Asian markets and enables the Company to offer a world class suite of reed switches and related magnetic solutions while continuing to serve Standex Electronics Japan's diverse distribution channels. Standex Electronics Japan reports within our Electronics segment.

The Company paid $129.2 million in cash, net of cash acquired, for 100% of the outstanding stock of Standex Electronics Japan. While the final purchase price is subject to cash and net working capital adjustments that have not yet been finalized, no such adjustment is anticipated. The preliminary purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values on the closing date. Goodwill recorded from this transaction is attributable to potential revenue increases from enhanced access to our Asian markets and synergies created from the vertical integration with a key supplier.

Intangible assets of $53.8 million have been preliminarily recorded, consisting of $50.1 million of developed technology which is expected to be amortized over a period of twenty years, $3.6 million of customer relationships which are expected to be amortized over a period of fifteen years, and $0.1 million of product order backlog which is expected to be amortized during the current fiscal year. The goodwill of $76.0 million created by the transaction is not deductible for income tax purposes.

The components of the fair value of the Standex Electronics Japan acquisition, including the preliminary allocation of the purchase price at March 31, 2017, are as follows (in thousands):

		Preliminary Allocation
Fair value of business combination:		
Cash payments	$	137,676
Less: cash acquired		(8,521)
Total	$	129,155
Identifiable assets acquired and liabilities assumed:		
Other acquired assets	$	12,497
Inventories		7,387
Property, plant, and equipment		12,703
Identifiable intangible assets		53,800
Goodwill		75,985
Liabilities assumed		(10,811)
Deferred taxes		(22,406)
Total	$	129,155

The initial allocation of the purchase price is based upon a preliminary valuation, and accordingly, our estimates and assumptions are subject to change as we obtain additional information during the measurement period and complete the valuation of intangible assets. The Company anticipates finalizing the purchase price allocation during the current calendar year.

The following table reflects the unaudited pro forma operating results of the Company for the three and nine months ended March 31, 2017 and the three and nine months ended March 31, 2016, which give effect to the acquisition of Standex Electronics Japan as if it had occurred on July 1, 2016. The pro forma information combines the historical financial results of the Company and Standex Electronics Japan. The pro forma results are not necessarily indicative of the operating results that would have occurred had the acquisition been effective July 1, 2016, nor are they intended to be indicative of results that may occur in the future. The pro forma information does not include the effects of any synergies related to the Standex Electronics Japan acquisition, transactions between the entities prior to acquisition, or the pre-acquisition impact of other businesses acquired by the Company during this period as they were not material to the Company's historical results of operations.

	(Unaudited Pro Forma) Three Months ended March 31,				(Unaudited Pro Forma) Nine Months Ended March 31,			
In thousands		2017		2016		2017		2016
Net Sales	$	200,423	$	189,416	$	587,496	$	600,780
Net Income	$	12,929	$	15,388	$	41,060	$	48,500
Earnings per share:								
Basic	$	1.02	$	1.21	$	3.24	$	3.82

Diluted	$	1.01	$	1.21	$	3.22	$	3.80

Pro forma earnings during the three months ended March 31, 2017 were adjusted to include expense of $0.6 million for amortization of intangible assets recognized at fair value, depreciation expense of $0.4 million for the fair value adjustment of the acquired fixed assets, and $0.3 million of interest expense associated with incremental borrowings under the Company's Credit Facility. Pro forma earnings were also adjusted to exclude non-recurring acquisition-related costs of $3.1 million.

Pro forma earnings during the three months ended March 31, 2016 were adjusted to include expense of $0.6 million for amortization of intangible assets recognized at fair value, depreciation expense of $0.4 million for the fair value adjustment of the acquired fixed assets, and $0.3 million of interest expense associated with incremental borrowings under the Company's Credit Facility.

Pro forma earnings during the nine months ended March 31, 2017 were adjusted to include expense of $1.8 million for amortization of intangible assets recognized at fair value, depreciation expense of $1.1 million for the fair value adjustment of the acquired fixed assets, and $0.8 million of interest expense associated with incremental borrowings under the Company's Credit Facility. Pro forma earnings were also adjusted to exclude non-recurring acquisition-related costs of $3.6 million.

Pro forma earnings during the nine months ended March 31, 2016 were adjusted to include expense of $1.8 million for amortization of intangible assets recognized at fair value, depreciation expense of $1.1 million for the fair value adjustment of the acquired fixed assets, and $0.8 million of interest expense associated with incremental borrowings under the Company's Credit Facility.

Horizon Scientific

During the second quarter of fiscal year 2017, the Company acquired Horizon Scientific, a supplier of laboratory refrigerators and freezers, as well as cryogenic equipment for the scientific, bio-medical and pharmaceutical markets. We believe the acquisition of Horizon Scientific enhances Standex's penetration of the refrigeration markets in the growing scientific sector. We have included the operating results of Horizon Scientific in our Food Service Equipment segment in our Condensed Consolidated Financial Statements.

The Company paid $24.7 million in cash, net of cash acquired, for 100% of the outstanding stock of Horizon Scientific. The final purchase price is subject to cash and net working capital adjustments that have not yet been finalized along with deferred consideration of up to $8.4 million. The preliminary purchase price was allocated to the net tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values on the closing date. Goodwill recorded from this transaction is attributable to potential revenue increases from synergies with our existing customer base and channel partners.

Intangible assets of $17.6 million have been preliminarily recorded, consisting of $16.1 million of customer relationships which are expected to be amortized over a period of fifteen years, $1.2 million of trademarks which are indefinite lived, and $0.3 million of product order backlog which is expected to be amortized during the current fiscal year. The goodwill of $5.5 million created by the transaction is not deductible for income tax purposes.

The components of the fair value of the Horizon Scientific acquisition, including the preliminary allocation of the purchase price at March 31, 2017, are as follows (in thousands):

		Preliminary Allocation
Fair value of business combination:		
Cash payments	$	26,457
Less: cash acquired		(1,797)
Total	$	24,660
Identifiable assets acquired and liabilities assumed:		
Current assets	$	4,863
Inventories		4,470
Property, plant, and equipment		1,616
Identifiable intangible assets		17,550
Goodwill		5,452
Liabilities assumed		(2,374)
Deferred taxes		(6,917)
Total	$	24,660

Transaction costs associated with this acquisition were immaterial. All transaction costs have been recorded as general and administrative expense for the three and nine months ended March 31, 2017.

The initial allocation of the purchase price is based upon a preliminary valuation, and accordingly, our estimates and assumptions are subject to change as we obtain additional information during the measurement period and complete the valuation of intangible assets. The Company anticipates finalizing the purchase price allocation during the current fiscal year.

Northlake

During the second quarter of fiscal year 2016, the Company acquired Northlake, a Wisconsin-based designer, manufacturer and distributor of high reliability electromagnetic products and solutions serving the North America power distribution and medical equipment markets. Northlake reports within our Electronics segment.

The Company paid $13.7 million in cash for 100% of the outstanding stock of Northlake and has recorded intangible assets of $6.8 million, consisting of $4.1 million of customer relationships which primarily are expected to be amortized over a period of twelve and half years, $2.4 million of trademarks which are indefinite-lived and $0.3 million of non-compete which are expected to amortized over a period of five years. Acquired goodwill of $5.1 million is deductible for income tax purposes. The Company finalized the purchase price allocation during the quarter ending June 30, 2016.

The components of the fair value of the Northlake acquisition, including the allocation of the purchase price is as follows (in thousands):

		Final
Fair value of business combination:		
Cash payments	$	14,015
Less: cash acquired		(315)
Total	$	13,700
Identifiable assets acquired and liabilities assumed:		
Current assets	$	2,810
Property, plant, and equipment		1,407
Identifiable intangible assets		6,824
Goodwill		5,121
Other non-current assets		158
Liabilities assumed		(2,620)
Total	$	13,700

Acquisition-Related Costs

Acquisition-related costs include costs related to acquired businesses and other pending acquisitions. These costs consist of (i) deferred compensation and (ii) acquisition-related professional service fees and expenses, including financial advisory, legal, accounting, and other outside services incurred in connection with acquisition activities, and regulatory matters related to acquired entities. These costs do not include purchase accounting expenses, which we define as acquired backlog and the step-up of inventory to fair value, or the amortization of the acquired intangible assets.

Deferred compensation costs relate to payments due to the Horizon Scientific seller of $2.8 million on the second anniversary and $5.6 million on the third anniversary of the closing date of the purchase. For the three and nine months ended March 31, 2017, we recorded deferred compensation costs of $0.7 million and $1.4 million, respectively for estimated deferred compensation earned by the Horizon Scientific seller to date. The payments are contingent on the seller remaining an employee of the Company with limited exceptions at each anniversary date.

Acquisition related expenses of $4.7 million consisted of $2.8 million of investment banker fees for services provided in connection with the Standex Electronics Japan transaction and $1.9 million for third party due diligence expenses also related to the Standex Electronics Japan acquisition.

The components of acquisition-related costs, net are as follows (dollars in thousands):

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2017		2016		2017		2016	
Deferred compensation arrangements	$	703	$	-	$	1,405	$	-
Acquisition-related costs		4,719		-		5,520		-
Total	$	5,422	$	-	$	6,925	$	-

3) Discontinued Operations

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

Discontinued operations for the three and nine months ended March 31, 2017 and 2016 are as follows (in thousands):

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Net sales	$ -	$ -	$ -	$ -
Pre-tax earnings	(8)	(95)	(57)	(437)
(Provision) benefit for taxes	9	40	14	147
Net earnings (loss) from discontinued operations	$ 1	$ (55)	$ (43)	$ (290)

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 and a $3.0 million promissory note from the buyer. The note was secured by a mortgage on the ADP real estate sold in the transaction in Detroit Lakes, MN, Medina, NY, and Powder Springs, GA. During the first quarter 2016, the private equity buyer of ADP sold one of the facilities securing the note. The Company released all mortgages on the properties and accepted an advanced payment of $2.8 million during October 2015 in order to reduce repayment risk and settle all obligations under the note. The Company recorded a $0.2 million loss in discontinued operations during the first quarter 2016 related to this transaction.

Assets and liabilities related to discontinued operations appear in our Unaudited Condensed Consolidated Balance Sheets as follows (in thousands):

	March 31, 2017	June 30, 2016
Other non-current assets	14	14
Accrued expenses	920	1,204
Accrued pension and other non-current liabilities	-	55

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 Unaudited Condensed Consolidated Balance Sheets 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.

There were no transfers of assets or liabilities between level 1 and level 2 of the fair value measurement hierarchy at March 31, 2017 and June 30, 2016. 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 March 31, 2017 and June 30, 2016 consisted of the following (in thousands):

	March 31, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Liabilities				
Foreign exchange contracts	$ 2,147	$ -	$ 2,147	$ -
Interest rate swaps	131	-	131	-
Contingent acquisition payments (a)	1,406	-	-	1,406

	June 30, 2016			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets				
Marketable securities - deferred compensation plan	$ 2,333	$ 2,333	$ -	$ -
Foreign exchange contracts	11	-	11	-
Liabilities				
Foreign exchange contracts	$ 94	$ -	$ 94	$ -
Interest rate swaps	1,038	-	1,038	-

(a) The fair value of our contingent consideration arrangement is determined based on our evaluation as to the probability and amount of any deferred compensation that has been earned to date.

Our financial liabilities based upon Level 3 inputs include a contingent consideration arrangement relating to our acquisition of Horizon Scientific. We are contractually obligated to pay contingent consideration payments based on the criteria of continued employment of the seller on the second and third anniversary of the closing date of the acquisition. We will update our assumptions each reporting period based on new developments and record such amounts at fair value based on the revised assumptions until the consideration is paid.

Contingent acquisition payment liabilities are scheduled to be paid in periods through fiscal year 2020. As of March 31, 2017, we could be required to pay up to $8.4 million for contingent consideration arrangements if specific criteria are achieved. We have determined the fair value of the liabilities for the contingent consideration based on a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of the contingent consideration liability associated with future payments was based on several factors, the most significant of which are continued employment of the seller and the risk-adjusted discount rate for the fair value measurement. As of March 31, 2017, neither the amount recognized for the contingent consideration arrangement, nor the range of outcomes or the assumptions used to develop the estimate had changed.

5) Inventories

Inventories are comprised of the following (in thousands):

	March 31, 2017	June 30, 2016
Raw materials	$ 50,142	$ 46,616
Work in process	31,134	26,541
Finished goods	38,108	32,245
Total	$ 119,384	$ 105,402

Distribution costs associated with the sale of inventory, which are recorded as a component of selling, general and administrative expenses in the accompanying Unaudited Condensed Consolidated Statements of Operations, were $9.9 million and $14.5 million for the three and nine months ended March 31, 2017, respectively and $4.6 million and $15.2 million for the three and nine months ended March 31, 2016, respectively.

6) Goodwill

Changes to goodwill during the period ended March 31, 2017 were as follows (in thousands):

	June 30, 2016	Acquisition	Translation Adjustment	March 31, 2017
Food Service Equipment	$ 56,804	$ 5,452	$ -	$ 62,256
Engraving	19,935	-	(59)	19,876
Engineering Technologies	44,321	-	(534)	43,787
Electronics	33,235	75,985	(447)	108,773
Hydraulics	3,059	-	-	3,059
Total	$ 157,354	$ 81,437	$ (1,040)	$ 237,751

7) Intangible Assets

Intangible assets consist of the following (in thousands):

	Customer Relationships	Trademarks	Acquired Technology	Other	Total
March 31, 2017					
Cost	$ 65,518	$ 18,366	$ 50,324	$ 4,370	$ 138,578
Accumulated amortization	(27,339)	-	-	(2,866)	(30,205)
Balance, March 31, 2017	$ 38,179	$ 18,366	$ 50,324	$ 1,504	$ 108,373
June 30, 2016					
Cost	$ 46,297	$ 17,263	$ -	$ 4,471	$ 68,031
Accumulated amortization	(24,892)	-	-	(2,727)	(27,619)
Balance, June 30, 2016	$ 21,405	$ 17,263	$ -	$ 1,744	$ 40,412

Amortization expense for the three and nine months ended March 31, 2017 was $1.1 million and $3.1 million, respectively. Amortization expense for the three and nine months ended March 31, 2016 was $1.0 million and $2.6 million, respectively. At March 31, 2017, amortization expense of current intangible assets is estimated to be $2.0 million for the remainder of fiscal year 2017, $8.4 million in 2018, $8.4 million in 2019, $7.9 million in 2020, $7.4 million in 2021 and $56.1 million thereafter.

8) Warranties

The expected cost associated with warranty obligations on our products is recorded as a component of cost of sales 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, as of March 31, 2017 and year ended June 30, 2016, were as follows (in thousands):

	March 31, 2017		June 30, 2016	
Balance at beginning of year	$	9,085	$	7,436
Acquisitions and other		295		(5)
Warranty expense		6,817		13,503
Warranty claims		(6,460)		(11,849)
Balance at end of period	$	9,737	$	9,085

9) Debt

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

	March 31, 2017		June 30, 2016	
Bank credit agreements	$	216,000	$	93,000
Other		12		18
Total funded debt		216,012		93,018
Issuance Cost		(624)		(904)
Total long-term debt	$	215,388	$	92,114

The Company's debt payments are due as follows (in thousands):

Fiscal Year	March 31, 2017	
2017	$	6
2018		6
2019		-
2020		216,000
2021		-
Thereafter		-
Funded Debt		216,012
Issuance cost		(624)
Debt net of issuance cost	$	215,388

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.

At March 31, 2017, the Company had standby letters of credit outstanding, primarily for insurance purposes, of $8.4 million and had the ability to borrow $176.2 million based on the trailing twelve months EBITDA per the credit agreement. At March 31, 2017, 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 $50 million of debt due under our revolving credit agreement from a variable rate equal to LIBOR to a weighted average fixed rate of 1.43% at March 31, 2017. 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**	**March 31, 2017**	**June 30, 2016**
December 19, 2014	20,000	1.18%	December 19, 2017	$ (4)	$ (201)
December 19, 2014	5,000	1.20%	December 19, 2017	(2)	(52)
December 18, 2015	15,000	1.46%	December 19, 2018	(17)	(325)
December 19, 2015	10,000	2.01%	December 19, 2019	(108)	(460)
				$ (131)	$ (1,038)

The Company reported no losses for the three and nine months ended March 31, 2017, 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 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 Unaudited Condensed Consolidated Statements of Operations. At March 31, 2017 and June 30, 2016, the Company had outstanding forward and cross currency contracts related to hedges of intercompany loans with net unrealized gain (losses) of $(2.1) million and $(0.1) million, respectively, which approximates the unrealized gains and losses on the related loans. The notional amounts of the Company's forward and cross currency contracts, by currency, are as follows (in thousands):

Currency	Notional Amount (in native currency) March 31, 2017	June 30, 2016
Euro	21,362	2,477
British Pound Sterling	6,750	594
Canadian	16,600	-
USD	20,000	-

The table below presents the fair value of derivative financial instruments as well as their classification on the Unaudited Condensed Consolidated Balance Sheets (in thousands):

	Asset Derivatives			
	March 31, 2017		June 30, 2016	
Derivative designated as hedging instruments	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item	Fair Value
Foreign exchange contracts	Other Assets	$ -	Other Assets	$ 11

	Liability Derivatives			
	March 31, 2017		June 30, 2016	
Derivative designated as hedging instruments	Balance Sheet Line Item	Fair Value	Balance Sheet Line Item	Fair Value
Interest rate swaps	Accrued Liabilities	$ 131	Accrued Liabilities	$ 1,038
Foreign exchange contracts	Accrued Liabilities	2,148	Accrued Liabilities	94
		$ 2,279		$ 1,132

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 March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Interest rate swaps	$ (3,445)	$ (869)	$ (2,817)	$ (1,114)
Foreign exchange contracts	-	(94)	(74)	107
	$ (3,445)	$ (963)	$ (2,891)	$ (1,007)

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	Three Months Ended March 31,		Nine Months Ended March 31,		Affected line item in the Unaudited Condensed Statements of Operations
	2017	2016	2017	2016	
Interest rate swaps	$ 80	$ 176	$ 309	$ 442	Interest expense
Foreign exchange contracts	-	71	75	32	Cost of Sales
	$ 80	$ 247	$ 384	$ 474	

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 and nine months ended March 31, 2017 and 2016 consisted of the following components (in thousands):

	U.S. Plans Three Months Ended March 31,		Non-U.S. Plans Three Months Ended March 31,	
	2017	2016	2017	2016
Service cost	$ 1	$ 18	$ 9	$ 9

Interest cost	2,613	2,872	250	346
Expected return on plan assets	(3,440)	(3,466)	(282)	(313)
Recognized net actuarial loss	1,190	994	249	201
Amortization of prior service cost	-	4	(12)	(12)
Net periodic benefit cost	$ 364	$ 422	$ 214	$ 231

	U.S. Plans		Non-U.S. Plans	
	Nine Months Ended March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Service cost	$ 2	$ 52	$ 28	$ 26
Interest cost	7,838	8,617	764	1,080
Expected return on plan assets	(10,321)	(10,398)	(861)	(980)
Recognized net actuarial loss	3,571	2,984	760	631
Amortization of prior service cost	-	11	(36)	(36)
Net periodic benefit cost	$ 1,090	$ 1,266	$ 655	$ 721

The Company expects to pay $1.3 million in contributions to its defined benefit plans during fiscal 2017. Contributions of $0.3 million and $1.0 million were made during the three and nine months ended March 31, 2017 compared to $0.3 million and $1.0 million during the three and nine months ended March 31, 2016, respectively. Required contributions of $0.8 million will be paid to the Company's U.K. defined benefit plan during 2017. The Company also expects to make contributions of $0.3 million to each of its unfunded defined benefit plans in the U.S. and Germany, respectively, during the remainder of the current fiscal year.

12) Income Taxes

The Company's effective tax rate from continuing operations for the third quarter of 2017 was 27.4% compared with 28.7% for the prior year quarter. The effective tax rate in 2017 was lower due to two events: first, the prior year has an increase in an uncertain tax position that has not repeated in 2017. This was partially offset by non-deductible acquisition transaction costs in the current year. Second, the jurisdictional mix of income in the current year reflects more income being taxed outside of the U.S. at lower tax rates than in the prior year quarter.

The Company's effective tax rate from continuing operations for the nine-months ended March 31, 2017 was 25.5% compared with 26.3% for the prior year. The effective tax rate for the year to date was lower due to the events mentioned above.

13) Earnings Per Share

Basic earnings per common share is computed using the weighted average number of shares outstanding. Diluted earnings per share is computed using the weighted average number of shares outstanding adjusted for the incremental shares attributable to unvested stock units outstanding, if dilutive.

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 March 31,		Nine Months Ended March 31,	
	2017	2016	2017	2016
Basic - Average shares outstanding	12,664	12,697	12,667	12,682
Dilutive effect of unvested, restricted stock awards	87	71	99	94
Diluted - Average shares outstanding	12,751	12,768	12,766	12,776

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 and nine months ended March 31, 2017 and 2016, respectively.

Performance stock units of 29,607 and 28,111 for the nine months ended March 31, 2017 and 2016, respectively, are excluded from the diluted earnings per share calculation as the performance criteria have not been met.

14) Accumulated Other Comprehensive Income (Loss)

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

	March 31, 2017	June 30, 2016
Foreign currency translation adjustment	$ (31,744)	$ (24,636)
Unrealized pension losses, net of tax	(89,517)	(92,698)
Unrealized losses on derivative instruments, net of tax	(2,194)	(641)
Total comprehensive income (loss)	$ (123,455)	$ (117,975)

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 – an aggregation of eight operating segments that manufacture and sell commercial food service equipment;
- Engraving – 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 – 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 – manufacturing and selling of electronic components for applications throughout the end-user market spectrum; and
- Hydraulics – manufacturing and selling of single and double-acting telescopic and piston rod hydraulic cylinders.

Net sales and income from continuing operations by segment for the three and nine months ended March 31, 2017 and 2016 were as follows (in thousands):

Three Months Ended March 31,

	Net Sales		Income from Operations	
	2017	2016	2017	2016
Segment:				
Food Service Equipment	$ 92,730	$ 87,944	$ 7,418	$ 8,455
Engraving	25,492	28,560	6,003	5,305
Engineering Technologies	23,678	19,358	2,442	1,744
Electronics	32,308	29,909	6,499	5,263
Hydraulics	10,507	11,694	1,674	2,007
Restructuring costs			(1,019)	(391)
Acquisition-related costs			(5,422)	-
Corporate			(6,160)	(5,223)
Sub-total	$ 184,715	$ 177,465	$ 11,435	$ 17,160
Interest expense			(953)	(807)
Other non-operating income (expense)			52	(115)
Income from continuing operations before income taxes			$ 10,534	$ 16,238

Nine Months Ended March 31,

	Net Sales		Income from Operations	
	2017	2016	2017	2016
Segment:				
Food Service Equipment	$ 277,582	$ 286,093	$ 24,112	$ 29,183
Engraving	78,084	94,016	19,910	22,655
Engineering Technologies	60,948	58,780	5,815	4,512
Electronics	91,455	86,245	19,064	15,338

Hydraulics	30,100	32,677	4,782	5,502
Restructuring costs			(3,077)	(3,387)
Acquisition-related costs			(6,925)	-
Corporate			(19,244)	(17,478)
Sub-total	$ 538,169	$ 557,811	$ 44,437	$ 56,325
Interest expense			(2,499)	(2,182)
Other non-operating income			819	369
Income from continuing operations before income taxes			$ 42,757	$ 54,512

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

The Company's identifiable assets at March 31, 2017 and June 30, 2016 are as follows (in thousands):

	March 31, 2017	June 30, 2016 *
Food Service Equipment	$ 233,667	$ 206,875
Engraving	107,664	117,026
Engineering Technologies	146,982	147,866
Electronics	283,904	114,001
Hydraulics	19,515	19,084
Corporate & Other	56,244	85,605
Total	$ 847,976	$ 690,457

* The identified assets as of June 30, 2016 for certain segments have been revised from amounts previously reported due to certain immaterial allocation differences.

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 March 31, 2017			Nine Months Ended March 31, 2017		
Fiscal 2017	Involuntary Employee Severance and Benefit Costs	Other	Total	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring initiatives	$ 222	$ 823	$ 1,045	$ 1,368	$ 1,651	$ 3,019
Prior year initiatives	-	(26)	(26)	-	58	58
	$ 222	$ 797	$ 1,019	$ 1,368	$ 1,709	$ 3,077

	Three Months Ended March 31, 2016			Nine Months Ended March 31, 2016		
Fiscal 2016	Involuntary Employee Severance and Benefit Costs	Other	Total	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring initiatives	$ 236	$ 89	$ 325	$ 966	$ 256	$ 1,222
Prior year initiatives	-	66	66	59	2,106	2,165
	$ 236	$ 155	$ 391	$ 1,025	$ 2,362	$ 3,387

2017 Restructuring Initiatives

The Company continues to focus on our efforts to reduce cost and improve productivity across our businesses, particularly through headcount reductions, facility closures, and consolidations. The Company's 2017 initiatives to date include a reduction of employees in our Food Service Equipment segment in response to the reduced sales volume from our larger customers and reductions of personnel and plant movement at our China Electronics division.

	Involuntary Employee Severance and Benefit Costs	Other	Total
Restructuring liabilities at June 30, 2016	$ -	$ -	$ -
Additions and adjustments	1,368	1,475	2,843
Payments	(964)	(1,417)	(2,381)
Restructuring liabilities at March 31, 2017	$ 404	$ 58	$ 462

Prior Year Initiatives

The prior year initiatives yet to be completed include the movement of manufacturing from a legacy Canadian facility into the newly acquired Northlake facility, closure of a European facility within our Cooking division, and discontinuing of a product line at Refrigeration.

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, 2016	$ 74	$ 256	$ 330
Additions and adjustments	-	7	7
Payments	(74)	(168)	(242)
Restructuring liabilities at March 31, 2017	$ -	$ 95	$ 95

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

	Three Months Ended March 31, 2017			Nine Months Ended March 31, 2017		
	Involuntary Employee Severance and Benefit Costs	Other	Total	Involuntary Employee Severance and Benefit Costs	Other	Total
Food Service Equipment	$ -	$ 7	$ 7	$ 1,129	$ 85	$ 1,215
Engraving	-	-	-	6	-	6
Engineering Technologies	222	730	952	222	1,164	1,385
Electronics	-	86	86	11	455	467
Corporate	-	(26)	(26)	-	5	5
	$ 222	$ 797	$ 1,019	$ 1,368	$ 1,709	$ 3,077

	Three Months Ended March 31, 2016			Nine Months Ended March 31, 2016		
	Involuntary Employee Severance and Benefit Costs	Other	Total	Involuntary Employee Severance and Benefit Costs	Other	Total
Food Service Equipment	$ 77	$ 93	$ 170	$ 99	$ 2,197	$ 2,296
Engraving	-	-	-	35	-	35
Engineering Technologies	-	-	-	160	-	160
Electronics	159	56	215	603	159	762
Corporate	-	6	6	128	6	134
	$ 236	$ 155	$ 391	$ 1,025	$ 2,362	$ 3,387

Restructuring expense is expected to be approximately $6.0 million for the fiscal year 2017, of which $3.1 million was incurred for the nine months ended March 31, 2017.

18) Disposal of a Business

During the first quarter of fiscal year 2017, the Company sold its U.S. Roll Plate and Machinery business, as it was not strategic and did not meet our growth and return expectations. This divestiture also allows the Company's management to focus on higher growth and better return businesses within the Engraving segment.

During the fourth quarter of fiscal year 2016, the Company recorded a $7.3 million non-cash loss to adjust the net assets of the business to their net realizable value. The expense is recorded as a component of Other Operating Income, net. The sale of the business does not constitute a significant strategic shift that will have a major effect on the entity’s operations and financial results.

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 unanticipated 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 oil and gas, 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; market acceptance of our products; our ability to design, introduce and sell new products and related product components; the ability to redesign certain of our products to continue meeting evolving regulatory requirements; the impact of delays initiated by our customers; and our ability to increase manufacturing production to meet demand. 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.

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, Engraving, Engineering Technologies, Electronics, and Hydraulics.

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, improve, and enhance shareholder value. The Standex Value Creation System is a standard methodology which provides consistent tools used throughout the company in order to achieve our organization's goals. The 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 use a set of tools and processes including market maps, growth lane ways, and market tests to identify opportunities to expand the business organically and through acquisitions. Standex Operational Excellence employs a standard playbook and processes, including LEAN, to eliminate waste and improve profitability, cash flow and customer satisfaction. Finally, the Standex Talent Management process is an organizational development process that provides training, development, and succession planning for our employees throughout our worldwide organization. The Standex Value Creation System ties all disciplines in the organization together under a common umbrella by providing standard tools and processes 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, create both sales and cost synergies with our core business platforms, and accelerate their growth and margin improvement. We have 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, and likely will continue to divest, businesses that we feel are not strategic or do not meet our growth and return expectations.

- As part of our ongoing strategy, we acquired all of the outstanding shares of Oki Sensor Device Corporation from OKI Electric Industry Co., Ltd. during the third quarter of fiscal year 2017. Located in Kofu City, Japan, OKI Sensor Device Corporation is the world's leading designer and supplier of magnetic reed switches. Now named Standex Electronics Japan Corporation, ("Standex Electronics Japan") the acquisition enhances the Company's access to important Asian markets and enables the Company to offer a world class suite of reed switches and related magnetic solutions while continuing to serve Standex Electronics Japan's diverse distribution channels. The acquisition was funded 47% by cash outside the United States and 53% from borrowings under the Company's revolving credit facility. Standex Electronics Japan is reported within our Electronics segment.

- During our second quarter of 2017, we acquired Horizon Scientific, Inc., ("Horizon Scientific") a South Carolina-based supplier of laboratory refrigerators and freezers, as well as cryogenic equipment for the scientific, bio-medical and pharmaceutical markets. We have included the operating results of Horizon Scientific in our Food Service Equipment segment in our Condensed Consolidated Financial Statements. Horizon Scientific expands our access to higher-margin refrigeration markets in the growing scientific sector that provides solutions for bio-medical and pharmaceutical temperature storage requirements. Horizon Scientific's products complement the scientific offerings in our Nor-Lake division.

- During the first quarter of fiscal year 2017, we sold our U.S. Roll Plate and Machinery ("RPM") business, as it was not strategic, and did not meet our growth and return expectations. This divestiture also allows our Engraving management to focus on higher growth and better return businesses within the segment. In preparation for this sale during the fourth quarter of 2016, we adjusted the net assets of the business to their net realizable value.

- 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 components that provide technology-driven solutions to our customers. This relationship generally provides us with the ability to improve sales and grow profits over time to 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 us to improve our competitive position. We have deployed a number of management competencies to drive improvements in cost structure of our business units 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.

- The Company's strong historical cash flow has been a cornerstone for funding our capital allocation strategy. We use cash flow generated from operations to fund the strategic growth programs described above, including acquisitions and investments for organic growth, and to return cash to our shareholders through payment of dividends and stock buybacks.

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 technologies, and next generation products and services for our end-user markets.

Restructuring expenses reflect costs associated with the Company's efforts of continuously improving operational efficiency and expanding 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 both improve its cost structure to enhance our competitive position and operating margins. Such expenses include costs for moving facilities to locations that allow for lower fixed and variable costs, starting up plants after relocation, 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, and 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 its business 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, gross profit margin, and operating cash flow. A discussion of these KPIs is included 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 a specific KPI.

We believe the discussion of these items provides enhanced information to investors by disclosing their impact on the overall trend which provides a clearer comparative view of the KPI, as 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 on 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

(In thousands, except percentages)	Three Months Ended March 31, 2017	2016	Nine Months Ended March 31, 2017	2016
Net sales	$ 184,715	$ 177,465	$ 538,169	$ 557,811
Gross profit margin	33.2%	33.0%	33.4%	33.2%
Income from operations	11,435	17,160	44,437	56,325

(In thousands)	Three Months Ended March 31, 2017	Nine Months Ended March 31, 2017
Net sales, prior period	$ 177,465	$ 557,811
Components of change in sales:		
Effect of exchange rates	(1,541)	(4,616)
Effect of acquisitions	7,702	17,825
Divesture of business	(4,048)	(13,190)
Organic sales change	5,137	(19,661)
Net sales, current period	$ 184,715	$ 538,169

Net sales for the third quarter of 2017 increased $7.3 million, or 4.1%, when compared to the prior year quarter. This change was primarily due to the incremental sales of 4.3% generated from our acquisitions and organic sales growth of 2.9%. These increases were partially offset by the negative impact of 2.3% from the divestiture of the RPM business and the effect of exchange rates.

Net sales in the nine months ended March 31, 2017 decreased $19.6 million, or 3.5%, when compared to the prior year. The decline in net sales was primarily due to a decrease in organic sales of 3.5% and the impact of the divesture of the RPM business of 2.4%. These decreases were partially offset by sales increases of 3.2% from the Horizon Scientific and Northlake acquisitions. We discuss our outlook for each segment below.

Gross Profit Margin

Our gross margin for the third quarter of 2017 was 33.2%, compared to the prior year quarter of 33.0%. The increase was primarily due to the leverage of sales volume increases in our Engraving segment, while our other segments remained relatively consistent year over year.

Our gross margin in the nine months ended March 31, 2017 was 33.4%, compared to the prior year of 33.2%. Gross margin increased slightly due to overall operational improvements and mix of business margins despite lower sales.

Selling, General, and Administrative Expenses

Selling, General, and Administrative Expenses (“SG&A”) for the third quarter of 2017 were $43.5 million, or 23.6% of sales, compared to $41.1 million, or 23.2% of sales, during the prior year quarter. The increase in SG&A is primarily due to $2.0 million of on-going SG&A expenses related to the Horizon Scientific business which were not in the prior year quarter due to the timing of the acquisition. These increases were partially offset by declines of $0.8 million from the divestiture of RPM and $0.8 million of variable expenses including sales commissions and distribution expenses.

SG&A for the nine months ended March 31, 2017 were $125.6 million, or 23.3% of sales, compared to $125.7 million, or 22.5% of sales, during the prior year. SG&A was impacted by declines of $1.8 million from the divestiture of RPM and volume-related decreases of $0.6 million. These decreases were offset by $3.7 million in on-going SG&A expenses related to the Horizon Scientific business.

Restructuring Charges and Acquisition Related Expenses

During the quarter, we spent $1.0 million on restructuring charges primarily in the Engineering Technologies segment. We announced the closure of the Enginetics East Lake, Ohio facility during the quarter along with restructuring efforts to improve overall plant optimization in that segment. We sublet the East Lake facility space for approximately the same aggregate lease costs for which we are obligated under the lease.

Also during the quarter, we incurred acquisition related expenses of $5.4 million which consisted of three items. First, $0.7 million for deferred compensation earned by the Horizon Scientific seller during the quarter. The payments are contingent on the seller remaining an employee of the Company and are therefore treated as compensation expense. Second, $2.8 million of investment banker fees for services provided in connection with the Standex Electronics Japan transaction. Third, $1.9 million for third party due diligence expenses also related to the Standex Electronics Japan acquisition.

For the nine months ended March 31, 2017, we incurred restructuring costs of $3.1 million which were spent in three primary areas. First, we spent $1.2 million for organizational redesign within the Food Service Equipment segment. Second, Engineering Technologies incurred $1.4 million of expense related to the previously discussed plant closure and manufacturing footprint optimization. Finally, we were required to spend $0.5 million to move an Electronics facility in China due to government directives related to all businesses in the area where our facility was located.

Income from Operations

Income from operations for the third quarter of 2017 was $11.4 million, compared to $17.2 million during the prior year quarter. The decrease of $5.7 million, or 33.4%, is primarily due to the impact of sales volume declines, restructuring and acquisition-related costs.

Income from operations for the nine months ended March 31, 2017 was $44.4 million, compared to $56.3 million during the prior year. The decrease of $11.9 million, or 21.1%, is primarily due to the impact of sales volume declines, restructuring and acquisition-related costs.

Interest Expense

Interest expense for the third quarter of 2017 was $1.0 million, compared to $0.8 million during the prior year quarter. Interest expense for the nine months ended March 31, 2017 and March 31, 2016 were $2.5 million and $2.2 million, respectively. Interest expense increases were due to higher borrowing costs and an increase in outstanding borrowings, primarily to fund acquisition activity.

Income Taxes

The Company's effective tax rate from continuing operations for the third quarter of 2017 was 27.4% compared with 28.7% for the prior year quarter. The effective tax rate in 2017 was lower due to two events: first, the prior year has an increase in an uncertain tax position that has not repeated in 2017. This was partially offset by non-deductible acquisition transaction costs in the current year. Second, the jurisdictional mix of income in the current year reflects more income being taxed outside of the U.S. at lower tax rates than in the prior year quarter.

The Company's effective tax rate from continuing operations for the nine-months ended March 31, 2017 was 25.5% compared with 26.3% for the prior year. The effective tax rate for the year to date was lower due to the events mentioned above.

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. Due to the nature of long-term agreements in Engineering Technologies, the timing of orders and delivery dates can vary considerably resulting in significant backlog changes from one period to another. In general, the vast majority of net realizable backlog beyond one year comes from the Engineering Technologies segment of our business.

Backlog realizable within one year increased $6.0 million, or 3.7%, to $166.6 million at March 31, 2017 from $160.6 million at March 31, 2016.

The backlog in Food Service Equipment has increased primarily due to a $1.5 million impact associated with the acquisition of Horizon Scientific, a $2.1 million increase in the Procon pump business, and increases related to Refrigeration. The increase in Refrigeration backlog is due to seasonal order rate changes of approximately $3 million and approximately $2 million associated with operational difficulties tied to the introduction of a new foam formulation that improves the efficiency of our freezer panels. The Engraving backlog realizable in one year has increased $2.7 million or 19.3% excluding the $4.3 million of backlog related to the RPM business in prior year.

	As of March 31,			
(In thousands)	2017		2016	
Food Service Equipment	$	46,479	$	38,127
Engraving		15,524		18,521
Engineering Technologies		87,952		86,185
Electronics		43,351		43,826
Hydraulics		5,364		5,726
Total		198,670		192,385
Net realizable beyond one year		32,084		31,804
Net realizable within one year	$	166,586	$	160,581

Segment Analysis

Food Service Equipment

	Three Months Ended March 31,		%	Nine Months Ended March 31,		%
(In thousands, except percentages)	2017	2016	Change	2017	2016	Change
Net sales	$ 92,730	$ 87,944	5.4%	$ 277,582	$ 286,093	(3.0%)
Income from operations	7,418	8,455	(12.3%)	24,112	29,183	(17.4%)
Operating income margin	8.0%	9.6%		8.7%	10.2%	

Net sales in the third quarter of fiscal year 2017 increased $4.8 million, or 5.4%, when compared to the prior year quarter. Acquisitions added $7.7 million, or 8.8%, while organic sales declined by 3.3%. Refrigeration sales were down 2.9% as we experienced operational difficulties associated with the introduction of a new foam formulation that improves the efficiency of our freezer panels. As a result, we estimate that we experienced sales declines between $1.4 million and $3.8 million during the quarter. These operational difficulties have now been resolved. Cooking Solutions sales decreased 8.5% in the quarter primarily driven by $2.2 million of non-recurring prior year roll-outs, $1.0 million from product rationalization of low margin products, and slower sales to select major dealers. Our Specialty Solutions sales increased by 4.9% with strong volume in our beverage and merchandising segments, partly driven by new products. Overall, Food Service Equipment sales improved toward the latter part of the quarter and we anticipate this trend to continue over the next quarter as seasonal momentum builds.

Net sales in the nine months ended March 31, 2017 decreased $8.4 million, or 3.0%, when compared to the prior year. Refrigeration organic sales decreased by $21.2 million or 13.5% due to slower chain, drug retail and dollar store sales in the first half of the fiscal year coupled with regulation delays experienced in the third quarter. Horizon Scientific acquisition sales contributed $15.1 million from October to March 31, 2017. Cooking sales were down $8.5 million or 9.7% due to prior year rollouts of $4.1 million and low-margin product rationalization of $2.4 million. Specialty Solutions sales increased by 3.4%, driven by new products and general market growth.

Income from operations in the third quarter of fiscal 2017 decreased by $1.0 million, or 12.3%, when compared to the prior year quarter. Refrigeration profits were impacted by over $0.3 million due to increase costs related to expedited freight, factory productivity due to regulatory delay and higher material costs as higher cost panels were substituted to satisfy demand. Trade show expenses were $0.7 million for costs associated with exhibiting at the biennial NAFEM trade show.

Income from operations in the nine months ended March 31, 2017 decreased $5.1 million, or 17.4%, when compared to the prior year. Lower Refrigeration volume from chains, retail drug and dollar stores, offset by a higher mix of lower margin product sales, along with operational inefficiencies associated with the introduction of our new foam formulation were the primary causes of the lower income from operations for Food Service Equipment. Cooking, Specialty Solutions, and the Horizon Scientific acquisition drove year-over-year operating income increases, however the results did not offset Refrigeration declines.

Engraving

(In thousands, except percentages)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016	% Change
Net sales	$ 25,492	$ 28,560	(10.7%)	$ 78,084	$ 94,016	(16.9%)
Income from operations	6,003	5,305	13.2%	19,910	22,655	(12.1%)
Operating income margin	23.5%	18.6%		25.5%	24.1%	

Net sales for the third quarter of 2017 decreased by $3.1 million, or 10.7%, when compared to the prior year quarter. Excluding the effect of the Roll Plate and Machinery divestiture, net sales increased by $1.0 million or 4.0%. Foreign exchange had a negative impact of 2.1%. Sales in the North American market increased 9.9% as new auto platform launches accelerated as anticipated in the quarter. Sales in Asia grew 24.9% due to increased automotive launches and strong demand for non-automotive services in Korea and China. European sales increased modestly as compared to prior year. Backlog increased in all areas of this segment, mainly due to OEM program shifting.

Net sales for the nine months ended March 31, 2017 decreased by $15.9 million or 16.9% when compared to the prior year. Excluding sales from the Roll, Plate and Machinery division, sales decreased by $2.7 million or 3.4%. Foreign exchange had a negative impact of 2.2%, or $2.1 million. Sales in Europe were flat as compared to prior year despite a negative $0.6 million in exchange rate impacts. Asia Pacific Mold-Tech sales increased year over year, but were offset by decreases in our Mold-Tech North America locations. Due to the increased demand in the automotive and non-automotive services, we expect to see continued improvements in sales in all regions next quarter.

Income from operations for the third quarter of 2017 increased by $0.7 million, or 13.2%, when compared to the prior year quarter. Excluding the Roll Plate and Machinery divestiture, income from operations increased by $0.9 million, or 18.7%. Operating income was positively impacted by automotive and non-automotive service improvements in all three regions, coupled with the new technologies of tool finishing, laser, nickel shell and design services.

Income for the nine months ended March 31, 2017 decreased by $2.7 million, or 12.1%. Excluding the Roll Plate and Machinery divestiture, income from operations decreased by $2.2 million, or 10.1%, when compared to the prior year. Foreign exchange had a negative impact of 2.2%, or $2.1 million. As anticipated during the first two quarters of the fiscal year, we experienced lower volume of sales to the automotive market.

Engineering Technologies

(In thousands, except percentages)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Nine Months Ended March 31, 2017	Nine Months Ended March 31, 2016	% Change
Net sales	$ 23,678	$ 19,358	22.3%	$ 60,948	$ 58,780	3.7%
Income from operations	2,442	1,744	40.0%	5,815	4,512	28.9%
Operating income margin	10.3%	9.0%		9.5%	7.7%	

Net sales in the third quarter of fiscal year 2017 increased by $4.3 million, or 22.3%, when compared to the prior year quarter. Sales in the Space market increased by $2.2 million from the prior year quarter due to higher sales to the unmanned segment of the market. Sales in the energy market increased by $2.8 million compared to the prior year quarter due to improved sales in both Power Generation and Oil and Gas. Aviation sales increased by $0.8 million from the prior year due to increased sales on new engine platforms with engine components and structural hardware (lipskins). These increases were partially offset by pushouts on other engine components for the Pratt & Whitney Geared Turbo Fan Engine. Sales in the Defense market were down $1.2 million due to project timing for deliverables in the Nuclear market, and foreign exchange impacts were minimal. We anticipate continued strong growth in the fourth quarter in the Space and Aviation markets.

Net sales for the nine months ended March 31, 2017 increased by $2.2 million, or 3.7%, when compared to the prior year. Space sales increased by $0.8 million due to higher sales to the unmanned segment. Energy related sales increased by $4.5 million from the prior year period due to higher demand in the Power Generation segment. Medical, Defense, Aviation and General Industrial sales are down on a year-to-date basis due to market and project timing.

Income from operations in the third quarter of 2017 increased by $0.7 million when compared to the prior year quarter. The increase in operating income was due to higher sales volume and a favorable product mix compared to the prior year period. During the quarter, as part of the segment's manufacturing optimization project, we announced the closure of the segment's Eastlake, Ohio manufacturing facility. The plant closure is expected to be completed in the fourth quarter and will result in savings between $2.5 million and $3.0 million starting in fiscal 2018.

Income from operations for the nine months ended March 31, 2017 increased by $1.3 million when compared to the prior year. The increase in operating income is due to the higher sales volume, along with margin improvements due to business mix as compared to the prior year.

Electronics

	Three Months Ended March 31,		**%**	**Nine Months Ended March 31,**		**%**
(In thousands, except percentages)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Net sales	$ 32,308	$ 29,909	8.0%	$91,455	$ 86,245	6.0%
Income from operations	6,499	5,263	23.5%	19,064	15,338	24.3%
Operating income margin	20.1%	17.6%		20.8%	17.8%	

Net sales in the third quarter of fiscal year 2017 increased $2.4 million, or 8.0%, when compared to the prior year quarter. Organic sales increased $3.0 million, or 10.0%. North America sales were up by 6.6% driven by sensor and transformer sales. The European business increased sales 10.7% through automotive and electric utility applications. Asia sales increased 21.1% driven by strong sales of home appliance sensors. We anticipate continued growth in the fourth quarter due to strong momentum in all geographic regions as well as contributions from the Standex Electronics Japan acquisition.

Net sales for the nine months ended March 31, 2017 increased $5.2 million, or 6.0%, when compared to the prior year. Organic sales increased by $3.8 million. The impact of the Northlake acquisition was $2.7 million. Foreign exchange rates adversely affected sales by $1.4 million, or 1.6%. We are looking forward to the successful integration of the recent Standex Electrons Japan acquisition during the fourth quarter.

Income from operations in the third quarter of fiscal year 2017 increased $1.2 million, or 23.5%, when compared to the prior year quarter. Much of the earnings improvement is due to the higher sales base, operational cost efficiencies and a favorable earnings impact from the exchange rate movement.

Income from operations for the nine months ended March 31, 2017 increased $3.7 million, or 24.3%, when compared to the prior year. The increase in operating income is primarily due to improvements in operational efficiencies and the profitability of the Northlake acquisition. The prior year earnings also included $0.4 million of purchase accounting expenses which resulted in a favorable year-over-year comparison.

Hydraulics

	Three Months Ended March 31,		**%**	**Nine Months Ended March 31,**		**%**
(In thousands, except percentages)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Net sales	$10,507	$ 11,694	(10.2%)	$30,100	$ 32,677	(7.9%)
Income from operations	1,674	2,007	(16.6%)	4,782	5,502	(13.1%)
Operating income margin	15.9%	17.2%		15.9%	16.8%	

Net sales in the third quarter of fiscal year 2017 decreased $1.2 million, or 10.2%, when compared to the prior year quarter. The decrease is primarily due to the slowdown in our traditional North America dump truck and trailer markets. We have recently seen an increase in the order rate for the dump truck and trailer market from several of our OEM's. We also have several new prototypes under development for refuse equipment vehicles which we expect will drive future growth opportunities in the fourth quarter and beyond.

Net sales for the nine months ended March 31, 2017 decreased $2.6 million, or 7.9%, when compared to the prior year. Similar to the trending for the quarter, the decrease is the result of the softening in the traditional North America dump truck and trailer markets. We anticipate our end markets to strengthen next quarter due to the seasonal nature of construction and infrastructure projects. Additionally, several market share gains at OEM's and distribution aftermarket partners should contribute as well.

Income from operations in the third quarter of fiscal year 2017 decreased $0.3 million when compared to the prior year quarter. The decrease is primarily due to the sales volume reduction of dump trailer and truck markets.

Income from operations for the nine months ended March 31, 2017 decreased $0.7 million when compared to the prior year. The operating income decrease is due to the lower volume of dump trailer and truck markets.

Corporate and Other

(In thousands, except percentages)	Three Months Ended March 31, 2017	2016	% Change	Nine Months Ended March 31, 2017	2016	% Change
Income (loss) from operations:						
Corporate	$ (6,160)	$ (5,223)	17.9%	$ (19,241)	$ (17,478)	10.1%
Acquisition-related costs	(5,422)	-		(6,925)	-	
Restructuring	(1,019)	(391)	160.6%	(3,077)	(3,387)	(9.2%)

Corporate expenses in the third quarter of fiscal year 2017 increased by $0.9 million when compared to the prior year quarter. The increase is primarily due to the resolution of outstanding litigation.

Corporate expenses for the nine months ended March 31, 2017, increased by $1.8 million when compared to the prior year. The increase is primarily due to the resolution of outstanding litigation during the quarter and increased outside professional fees.

The acquisition and restructuring costs we have incurred in the three and nine months ended March 31, 2017 have been discussed above in the Company Overview.

Discontinued Operations

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

Discontinued operations for the three and nine months ended March 31, 2017 and 2016 are as follows:

(In thousands)	Three Months Ended March 31, 2017	2016	Nine Months Ended March 31, 2017	2016
Net sales	$ -	$ -	$ -	$ -
Pre-tax earnings (loss)	(8)	(95)	(57)	(437)
Benefit for taxes	9	40	14	147
Net earnings (loss) from discontinued operations	$ 1	$ (55)	$ (43)	$ (290)

Liquidity and Capital Resources

At March 31, 2017, our total cash balance was $88.0 million, of which $58.3 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.

Net cash provided by operating activities from continuing operations for the nine months ended March 31, 2017, was $31.5 million compared to cash provided by continuing operations of $47.3 million in the prior year. The decrease of $16.1 million in cash provided by operating activities is primarily due to a decrease in cash generated by working capital and the decrease in year-to-date net income of $8.1 million. Cash flow used in investing activities for the nine months ended March 31, 2017, was $180.6 million and consisted primarily of $162.3 million for the purchase of Horizon Scientific and Standex Electronics Japan. We also used $18.5 million of cash for capital expenditures. Cash inflows provided by financing activities for the nine months ended March 31, 2017, were $111.1 million. We paid cash dividends of $5.8 million and had net borrowings of $123.0 million primarily to fund acquisitions and capital expenditures.

The Company Amended its Credit Agreement ("Credit Facility", or "facility") during fiscal year 2015. 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. The facility also includes a $10 million sublimit for swing line loans and a $30 million sublimit for letters of credit.

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 March 31, 2017, the Company has used $8.4 million against the letter of credit sub-facility and had the ability to borrow $176.2 million under the facility based on our current trailing twelve month 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 March 31, 2017, the Company's Interest Coverage Ratio was 29.70:1.

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 March 31, 2017, the Company's Leverage Ratio was 1.93:1.

To manage our interest rate exposure, we are party to $50.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.43%.

The following table sets forth our capitalization a March 31, 2017 and June 30, 2016:

(In thousands)	March 31, 2017		June 30, 2016	
Long-term debt	$	215,388	$	92,114
Less cash and cash equivalents		87,953		121,988
Net debt (cash)		127,435		(29,874)
Stockholders' equity		388,212		369,959
Total capitalization	$	515,647	$	340,085

We sponsor a number of defined benefit and defined contribution retirement plans. The U.S. pension plan is frozen for substantially all participants. We have evaluated the current and long-term cash requirements of these plans, and our existing sources of liquidity are expected to be sufficient to cover required contributions under ERISA and other governing regulations.

The fair value of the Company's U.S. defined benefit pension plan assets was $194.0 million at March 31, 2017, as compared to $197.9 million at the most recent measurement date, which occurred as of June 30, 2016. The next measurement date to determine plan assets and benefit obligations will be on June 30, 2017.

At March 31, 2017, we do not expect to make mandatory contributions to the U.S pension plan until at least 2019. The Company expects to pay $1.3 million in contributions to its defined benefit plans during fiscal 2017. Contributions of $0.3 million and $1.0 million were made during the three and nine months ended March 31, 2017 compared to $0.3 million and $1.0 million during the three and nine months ended March 31, 2016, respectively. Required contributions of $0.8 million will be paid to the Company's U.K. defined benefit plan during 2017. The Company also expects to make contributions of $0.3 million and $0.3 million to its unfunded defined benefit plans in the U.S. and Germany, respectively during the current fiscal year. Any subsequent plan contributions will depend on the results of future actuarial valuations.

We have an insurance program in place to fund supplemental retirement income benefits for nine retired executives. Current executives and new hires are not eligible for this program. At March 31, 2017, the underlying policies had a cash surrender value of $20.2 million and are reported net of loans of $10.4 million for which we have the legal right of offset, these amounts are reported net on our balance sheet.

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 and a $3.0 million promissory note from the buyer. The note was secured by a mortgage on the ADP real estate sold in the transaction in Detroit Lakes, MN, Medina, NY, and Powder Springs, GA. During the first quarter 2016, the private equity buyer of ADP sold one of the facilities securing the note. The Company released all mortgages on the properties and accepted an advanced payment of $2.8 million during October 2015 in order to reduce repayment risk and settle all obligations under the note. The Company recorded a $0.2 million loss in discontinued operations during the first quarter 2016 related to this transaction.

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, Chinese (Yuan), Japanese (Yen), British Pound Sterling (Pound), Canadian dollar, and Mexican (Peso).

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 several union locals in the United States and several European employees belong to European trade unions. There were two union contracts in the U.S. scheduled to expire during fiscal year 2017, both of which have been successfully negotiated.

Critical Accounting Policies

The condensed consolidated financial statements include the accounts of Standex International Corporation and all of its 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 condensed consolidated financial statements. Although we believe that materially different amounts would not be reported due to the accounting policies adopted, the application of certain 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. Our critical accounting policies have not materially changed from those discussed in our Annual Report on Form 10-K for the year ended June 30, 2016.

ITEM 3. 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 Rate 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 and cross currency foreign exchange 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 and cross currency foreign 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 March 31, 2017, the fair value, in the aggregate, of the Company’s open foreign and cross currency exchange contracts was a liability of $2.1 million.

Our primary translation risk is with the Euro, British Pound Sterling, Peso, Japanese Yen, and Chinese Yuan. A hypothetical 10% appreciation or depreciation of the value of any these foreign currencies to the U.S. Dollar at March 31, 2017, 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 Risk

Our interest rate exposure is limited primarily to interest rate changes on our variable rate borrowings. From time to time, we use interest rate swap agreements to modify our exposure to interest rate movements. The Company's currently effective swap agreements convert our base borrowing rate on $50.0 million of debt due under our Credit Agreement from a variable rate equal to LIBOR to a weighted average rate of 1.43% at March 31, 2017.

The Company's effective rate on variable-rate borrowings, including the impact of interest rate swaps, under the revolving credit agreement increased from 1.76% at June 30, 2016 to 2.08% at March 31, 2017.

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 March 31, 2017, 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 segments 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 4. CONTROLS AND PROCEDURES

At the end of the period covered by this Report, the management of the Company, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended ("Exchange Act")). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2017 in ensuring that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms, and 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. During the second quarter of fiscal year 2017 the Company acquired all of the outstanding stock of Horizon Scientific, Inc., ("Horizon Scientific") on October 16, 2016. Horizon Scientific represents less than 4.2% and 2.8% of the Company's consolidated revenue for the three and nine months ended March 31, 2017, respectively and approximately 4.5% of the Company's consolidated assets at March 31, 2017. At the end of the third quarter of fiscal year 2017 the Company acquired all of the outstanding stock Standex Electronics Japan. Standex Electronics Japan represents less than 0.1% of the Company's consolidated revenue for the three and nine months ended March 31, 2017 and approximately 20.4% of the Company's consolidated assets at March 31, 2017. Management's evaluation and conclusion as to the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2017 excludes any evaluation of the internal control over financial reporting of Horizon Scientific or Standex Electronics Japan.

There was no change in the Company's internal control over financial reporting during the quarterly period ended March 31, 2017 that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A - Risk Factors

In addition to other information set forth in this report, you should carefully consider the factors discussed in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended June 30, 2016 which could materially affect our business, financial position, and results of operations. Risk factors which could cause actual results to differ materially from those suggested by forward-looking statements include but are not limited to those discussed or identified in this document, in our public filings with the SEC, and those incorporated by reference in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended June 30, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) The following table provides information about purchases by the Company of equity securities that are registered by the Company pursuant to Section 12 of the Exchange Act:

Issuer Purchases of Equity Securities[1]
Quarter Ended March 31, 2017

Period	(a) Total number of shares (or units) purchased	(b) Average price paid per share (or unit)	(c) Total cumulative 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
January 1 - January 31, 2017	334	$ 86.38	334	194,577
February 1 - February 28, 2017	4,943	97.30	4,943	189,634
March 1 - March 31, 2017	-	-	-	189,634
Total	5,277	$ 96.61	5,277	189,634

(1) The Company has a Stock Buyback Program (the "Program") which was originally announced on January 30, 1985 and most recently amended on April 26, 2016. Under the Program, the Company was authorized to repurchase up to an aggregate of $100 million of its shares. Under the program, purchases may be made from time to time on the open market, including through 10b5-1 trading plans, or through privately negotiated transactions, block transactions, or other techniques in accordance with prevailing market conditions and the requirements of the Securities and Exchange Commission. The Board's authorization is open-ended and does not establish a timeframe for the purchases. The Company is not obligated to acquire a particular number of shares, and the program may be discontinued at any time at the Company's discretion.

ITEM 6. EXHIBITS

(a) Exhibits

10	*	Share Purchase Agreement dated as of February 2, 2017 by Mold-Tech Singapore PTE LED, a subsidiary of Standex International Corporation, as buyer, and Oki Electric Industry Co., Ltd., as sellers, of all outstanding stock of Oki Sensor Device Corporation (English translation of Japanese original document)
31.1	*	Principal Executive Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	*	Principal Financial Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	*	Principal Executive Officer and Principal Financial Officer Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS	**	XBRL Instance Document.
101.SCH	**	XBRL Taxonomy Extension Schema Document.
101.CAL	**	XBRL Taxonomy Calculation Linkbase Document.
101.DEF	**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	**	XBRL Taxonomy Label Linkbase Document.
101.PRE	**	XBRL Taxonomy Presentation Linkbase Document.

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*	Filed herewith.
**	Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business

Reporting Language): (i) Condensed Consolidated Balance Sheets at March 31, 2017 and June 30, 2016, (ii) Condensed Consolidated Statements of Income for the three and nine months ended March 31, 2017 and March 31, 2016, (iii) Condensed Consolidated Statements of Cash Flows for the nine months ended March 31, 2017 and March 31, 2016, and (v) Notes to Unaudited Condensed Consolidated Financial Statements.

ALL OTHER ITEMS ARE INAPPLICABLE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STANDEX INTERNATIONAL CORPORATION

Date:	May 2, 2017	/s/ THOMAS D. DEBYLE Thomas D. DeByle Vice President/Chief Financial Officer (Principal Financial & Accounting Officer)
Date:	May 2, 2017	/s/ SEAN C. VALASHINAS Sean C. Valashinas Chief Accounting Officer/Assistant Treasurer

Exhibit 10

[English Translation of Japanese Document]

Share Purchase Agreement

February 2, 2017

Seller: Oki Electric Industry Co., Ltd.

Purchaser: Mold-Tech Singapore PTE LTD

Purchaser Guarantor: Standex International Corporation

Oki Electric Industry Co., Ltd. (the "**Seller**"), Mold-Tech Singapore PTE LTD (the "**Purchaser**"), a wholly owned subsidiary of Standex International Corporation and Standex International Corporation (the "**Purchaser Guarantor**") execute this Share Purchase Agreement (this "**Agreement**") on February 2, 2017 (the "**Execution Date**") regarding the transfer to the Purchaser of all of the issued and outstanding common shares of Oki Sensor Device Corp. (the "**Target Company**") held by the Seller as follows.

Chapter I Definitions

Article 1.1 (Definitions)

1. The terms used in this Agreement shall have the meanings set forth in each item below.

(1) "**TSA**" has the meaning set forth in Article 6.1, paragraph 4.

(2) "**Seller**" has the meaning defined in the preamble.

(3) "**Seller Group**" means the Seller and the Seller's subsidiaries and affiliates, excluding the Target Group.

(4) "**Working Capital**" means the value of inventory net of reserves plus the value of accounts receivable and minus the value of trade accounts payable. As an example and for clarity in application, the Working Capital of the Target Company as of September 30, 2016 (based on the specific accounts denoted in the September 30, 2016 trial balance) was:

Working Capital - Detailed Schedule

Account Name	Account Name	Sep'16 *in JPY*
Accounts Receivable	売掛金	674,618,859
Inventory	たな卸資産 計	660,059,233
Accounts Payable	買掛金	(724,717,405)
Working Capital		**609,960,687**

(5) "**Business Day**" means any day other than a Saturday, Sunday, and any other day on which commercial banks in Japan or New York, the U.S. are authorized or required by applicable Laws and Regulations to close.

(6) "**Purchaser**" has the meaning defined in the preamble.

(7) **"Purchaser Guarantor"** has the meaning defined in the preamble.

(8) "**Environmental Law**" means the Water Pollution Control Act, the Air Pollution Control Act, the Soil Contamination Countermeasures Act, the Offensive Odor Control Act, the Noise Regulation Act, the Vibration Regulation Act and other applicable laws and regulations in connection with them.

(9) **"Seller's Fundamental Representations and Warranties"** has the meaning set forth in Article 7.1, paragraph 6.

(10) "**Closing**" means the execution of the Transfer.

(11) "**Closing Date**" has the meaning set forth in Article 2.3, paragraph 1.

(12) "**Closing Date Accounts**" has the meaning set forth in Exhibit 2.4 section 1(a).

(13) **"Pre-Closing Tax Period"** has the meaning set forth in Article 7A.1.

(14) **"Cash"** means cash bank deposits (including foreign currency deposits) in the bank accounts belonging to the Target Company which are immediately available to the Target Company without any lien or offset.

(15) **"Final Bank Account Adjustment Amount"** has the meaning set forth in Article 6.1, paragraph 11.

(16) **"Regulation of Financial Statements"** means Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements (Ordinance of the Ministry of Finance No. 59 of November 27, 1963, as amended).

(17) "**Judicial and Administrative Institutions**" means courts, arbitrators, arbitral tribunals, competent authorities and other judicial and administrative institutions and self-regulatory institutions.

(18) "**Decisions of Judicial and Administrative Institutions**" means the judgments, decisions, orders, settlements in court, and approvals and licenses of Judicial and Administrative Institutions.

(19) "**Material Adverse Effect**" means that the Target Group's financial condition or business results are materially adversely effected and that it is reasonably determined using commercial business judgement that there is a high possibility of such effect, excluding (i) effects arising from changes in economic conditions, money markets, securities markets of shares etc. or transaction price of the raw materials used in manufacture of reed switches and from changes in exchange rates etc. of Japan or other countries or the world, or changes in the whole industry the Target Group's business belongs to, and (ii) effects arising from the publication or the performance of the Transfer contemplated herein.

(20) "**Material Contracts**" has the meaning set forth in Exhibit 3.1, section 2, clause 5.

(21) **"Restricted Business"** has the meaning set forth in Article 6.2, paragraph 2.

(22) **"Tax Claim"** has the meaning set forth in Article 7A.2.

(23) "**Target Company**" has the meaning defined in the preamble.

(24) "**Target Group**" means the Target Company and the Target Subsidiary.

(25) "**Target Subsidiary**" means Oki Sensor Device (Shanghai) Co., Ltd.

(26) "**Data Room**" means the virtual data room established and maintained by IntraLinks, Inc. in connection with the transactions contemplated hereunder as of 12:01 a.m. on December 14, 2016 (Japanese standard time) and as supplemented by specific written or electromagnetic means disclosure through the Execution Date.

(27) "**Insolvency Proceedings**" has the meaning set forth in Article 8.1, paragraph 1, item (2).

(28) "**Antisocial Forces**" means any organized crime groups, members of organized crime groups, any individuals who were members of organized crime groups at any time during the past five years, associate members of any organized crime groups, any related companies or associations of any organized crime groups, any corporate racketeers (*sokaiya*), any groups engaging in criminal activities under the pretext of conducting social campaigns or political activities, crime groups specialized in intellectual crimes, and any other persons similar to the foregoing.

(29) **"Debt"** means any debts or obligations (whether on or off balance sheet) owed to employees, management and/or third parties excluding amounts (determined in accordance with Japanese GAAP) related to (i) compensation and benefits accrued by employees and management in the ordinary course of business and (ii) generated in the ordinary course of business that are set forth in Exhibit 1.1(29)

(30) "**Laws and Regulations**" means laws, orders, rules, ordinances, treaties, guidelines, notices, circulars, administrative guidelines, self-regulations by self-regulatory organizations and other equivalent thereto.

(31) "**Compensation Claim Due Date**" has the meaning set forth in Article 7.1, paragraph 3.

(32) "**Agreement**" has the meaning defined in the preamble.

(33) "**Execution Date**" has the meaning defined in the preamble.

(34) “**Shares**” has the meaning set forth in Article 2.1.

(35) “**Final Transfer Price**” has the meaning set forth in Article 2.4, paragraph 1.

(36) “**Financial Statements**” means (a) the financial statements (per the definition in Article 435, paragraph (2) of the Companies Act) for the Target Company’s 34th fiscal year (from April 1, 2013, to March 31, 2014), 35th fiscal year (from April 1, 2014, to March 31, 2015) and 36th fiscal year (from April 1, 2015, to March 31, 2016) and the balance sheet as of September 30, 2016, the profit and loss statement and statement of changes in net assets for the period equivalent to the first half of the 37th fiscal year (from April 1, 2016, to September 30, 2016), and (b) the financial statements for the Target Subsidiary’s 1st fiscal year (from October 11, 2014, to December 31, 2014), 2nd fiscal year (from January 1, 2015 to December 31, 2015) and the balance sheet as of September 30, 2016, the profit and loss statement and statement of changes in net assets for the period equivalent to January 1, 2016 through September 30, 2016 .

(37) “**Transfer**” has the meaning set forth in Article 2.1.

(38) “**Excess Amount**” has the meaning set forth in Article 2.4 paragraph 2.

(39) “**Shortfall Amount**” has the meaning set forth in Article 2.4 paragraph 3.

(40) “**Estimated Transfer Price**” has the meaning set forth in Article 2.2.

(41) “**Facilities**” has the meaning set forth in Exhibit 3.1 section 2 Article 6(b).

(42) “**Intellectual Property Rights**” has the meaning set forth in Exhibit 3.1 section 2 Article 7(b).

(43) “**Real Property**” has the meaning set forth in Exhibit 3.1 section 2 Article 6(a).

(44) “**Consent Required Counterparties**” has the meaning set forth in Article 5.4.

(45) “**GAAP**” means generally accepted accounting principles.

(46) “**OPS**” means OKI Proserve Co., Ltd.

(47) “**OSK**” means OKI Software Co., Ltd.

2. The details of the headings affixed to each article and the order of the provisions of this Agreement are for convenience of reference only and shall not have any effect on the interpretation of this Agreement.

3. References to a Party’s (or the Target Company’s) “knowledge” and the correlative terms “known” and “knows,” means the information to the actual knowledge of the directors of such Party and any information that is unknown to such directors but to the actual knowledge of employees who are in the position responsible for the supervision of the subject matter. The Seller’s knowledge shall include the Target Company’s knowledge.

Chapter II Share Transfer

Article 2.1 (Transfer of the Shares)

The Seller shall transfer to the Purchaser, and the Purchaser shall purchase from the Seller, all of the issued and outstanding common shares of the Target Company held by the Seller (400,000 shares) (the “**Shares**”) pursuant to the terms and conditions of this Agreement (the “**Transfer**”).

Article 2.2 (Estimated Transfer Price)

The estimated transfer price of the Shares shall be equal to **15.4** Billion Japanese Yen in aggregate (the “**Estimated Transfer Price**”) (38,500 Japanese Yen per share) subject to adjustment in accordance with Article 2.4.

Article 2.3 (Execution of the Transfer)

1. The execution of the Transfer shall be conducted at the Seller’s office located at 7-12,

Toranomon 1-chome, Minato-ku, Tokyo, or at another place separately agreed in writing between the Seller and the Purchaser, on March 31, 2017, or the date separately agreed in writing between the Seller and the Purchaser (the "**Closing Date**"). The Closing, and the transfer of the ownership of the Shares from the Seller to the Purchaser, shall be deemed to occur and shall be effective at and as of 00:01 AM (Japan Standard Time) on the Closing Date and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken, executed and delivered simultaneously and no proceedings shall be deemed to have been taken nor documents executed or delivered until all have been taken, executed and delivered.

2. At the Closing, the Purchaser shall pay to the Seller the full amount of the Estimated Transfer Price by means of wire transfer to such bank account as Seller shall designate in writing at least three (3) Business Days prior to the Closing Date. The wire transfer fees shall be borne by the Purchaser.

3. At the Closing, in exchange for the completion of the payment in full by the Purchaser of the Estimated Transfer Price set forth in the preceding paragraph, the Seller shall deliver to the Purchaser (i) documents necessary to change the registered shareholder of the Shares on the shareholder registry from the Seller to the Purchaser and (ii) the updated shareholder registry as of the Closing Date which reflects the transaction contemplated herein.

Article 2.4 (Price Adjustment)

1. The final transfer amount based on the amount of Cash and Working Capital as of the Closing Date (the "**Final Transfer Price**") shall be calculated in accordance with the procedure as set forth in **Exhibit 2.4**.

2. If the Final Transfer Price exceeds the Estimated Transfer Price, an amount equal to the excess amount (the "**Excess Amount**") shall be paid by Purchaser to Sellers by means of wire transfer set forth in paragraph 2 of Article2.3.

3. If the Final Transfer Price falls short of the Estimated Transfer Price, an amount equal to the shortfall (the "**Shortfall Amount**") shall be paid by Sellers to Purchaser by means of wire transfer to such bank account as Purchaser shall specify in writing at least three (3) Business Days prior to such transfer.

4. Any payment of the Shortfall Amount, as the case may be, shall be made within ten (10) Business Days after the Final Transfer Price has been determined in accordance with **Exhibit 2.4**.

Chapter III Representations and Warranties

Article 3.1 (Seller's Representations and Warranties)

The Seller represents and warrants to the Purchaser that the matters set forth in **Exhibit 3.1** are true and accurate as of the Execution Date and the Closing Date. Provided, however that, the foregoing shall not apply to the following items:

(1) matters to the extent fairly and fully disclosed in the Data Room by the Seller or the Target Group (including their attorneys-at-law, certified public accountants, tax attorneys, financial advisors or other advisors or agents) to the Purchaser or Purchaser Guarantor (including their attorneys-at-law, certified public accountants, tax attorneys, financial advisors or other advisors or agents) in relation to the Seller or the Target Group;

(2) matters arising as a result of the Seller's appropriate performance of its obligations under this Agreement; or

(3) matters arising on or after the Execution Date in the ordinary course of business of the Target Group, provided that such business should be conducted in compliance with this Agreement and such matters should be limited to the matters which ordinary can be assumed to arise from such business.

Article 3.2 (Purchaser and Purchaser Guarantor's Representations and Warranties)

The Purchaser and Purchaser Guarantor each represents and warrants to the Seller that the matters set forth in **Exhibit 3.2** are true and accurate as of the Execution Date and the Closing Date.

Chapter IV Conditions Precedent to the Closing

Article 4.1 (Conditions Precedent to the Closing)

1. The Purchaser's performance of its obligations set forth in Article 2.3, paragraph 2 on the Closing is subject to the satisfaction of all of the terms and conditions set forth in the following items prior to the Closing. Provided, however that, the Purchaser may waive all or part of those conditions at its discretion. Waiver of all or part of the conditions precedent by the Purchaser based on the proviso hereof shall not prevent the Purchaser from claiming for compensation or indemnification as set forth in Article 7.1, paragraph 1 or for cancellation as set forth in Article 8.1, paragraph 2.

(1) The matters that the Seller represents and warrants in Article 3.1 are true and accurate in all material respects as of the Execution Date and the Closing Date and Seller has provided Purchaser with a certificate affixed the name and sealed by a duly authorized representative to such effect.

(2) The Seller has performed in all material respects its obligations under this Agreement that must be performed or complied with by the Closing.

(3) In the event where the Antimonopoly Act or business combination regulations under the competition laws of Japan or other countries shall apply to the Transfer, the Purchaser has obtained the relevant clearances from the Fair Trade Commission of Japan or other competition authorities of other countries pursuant to such regulations.

(4) The following documents have been submitted to the Purchaser by the Closing Date:

A. a copy with the original certificate of the extract of the minutes of the Target Company's board of directors meeting approving the Transfer; and

B. a resignation letter upon the Closing Date from company auditor Onodera.

(5) TSA to be executed pursuant to **Exhibit 6.1** and brand license agreement to be executed pursuant to **Exhibit 5.7** have been executed and remain in effect.

(6) There has been no Material Adverse Effect to the business of the Target Group.

(7) During the period between September 30, 2016 and the Closing Date, the Target Group shall not have incurred any additional Debt.

2. The Seller's performance of its obligations set forth in Article 2.3, paragraph 3 on the Closing is subject to the satisfaction of all of the terms and conditions set forth in the following items prior to the Closing. Provided, however that, the Seller may waive all or part of those conditions at its discretion. Waiver of all or part of the conditions precedent by the Seller based on the proviso hereof shall not prevent the Seller from claiming for compensation or indemnification as set forth in Article 7.1, paragraph 2 or for cancellation as set forth in Article 8.1, paragraph 1.

(1) The matters that the Purchaser and Purchaser Guarantor represent and warrant in Article 3.2 are true and accurate in all material respects as of the Execution Date and the Closing Date and the Purchaser and Purchaser Guarantor shall provide to the Seller a certificate which describes the above with the signature of the representative who was lawfully authorized.

(2) The Purchaser has performed in all material respects its obligations under this Agreement that must be performed or complied with by the Closing.

(3) In the event where the Antimonopoly Act or business combination regulations under the competition laws of Japan or other countries shall apply to the Transfer, the Purchaser has obtained the relevant clearances from the Fair Trade Commission of Japan or other competition authorities of other countries pursuant to those regulations.

(4) The following documents have been submitted to the Seller by the Closing Date:

A. A certificate, dated the Closing Date and executed by the secretary or an authorized director of Purchaser certifying that all actions required to be taken on behalf of Purchaser to authorize the execution, delivery and performance of Purchaser's obligations under this Agreement, and the various instruments to be executed and delivered in connection therewith, have been taken and attaching copies of any resolutions, consents or similar documents, in form and substance acceptable to Sellers, evidencing such authorization.

Chapter V Pre-Closing Covenants

Article 5.1 (Approval at the Target Company's Board of Directors Meeting)

The Seller shall cause the Target Company to resolve to approve the Transfer at the Target Company's board of directors meeting by the Closing Date.

Article 5.2 (Procedures of the Purchaser and Purchaser Guarantor)

The Purchaser and the Purchaser Guarantor shall, by the Closing Date, conduct any and all procedures deemed necessary to be taken by it for the execution of the Transfer pursuant to the Laws and Regulations, the Purchaser's articles of incorporation or other internal rules, or Decisions of Judicial and Administrative Institutions (including, but not limited to, approval of the execution of this Agreement by a resolution of the Purchaser and Purchaser Guarantor's board of directors meeting and procedures necessary under the Antimonopoly Act or competition laws of Japan and other countries by the Purchaser). The Seller shall cooperate to a reasonable extent with the Purchaser and Purchaser Guarantor's proceeding with the relevant procedures.

Article 5.3 (Dividends of Surplus)

The Seller may cause the Target Company to pay to the Seller, and the Seller shall be entitled to receive, 520 million yen as dividends from Cash by the date immediately before the Closing Date (including a previous day of the Closing Date), and the Purchaser shall not make an objection.

Article 5.4 (Third Party's Consent)

The Seller shall make a full effort to cause the Target Company to obtain the written consent to the transaction contemplated herein from the counterparties of the Material Contracts to the extent any such Material Contracts require such consent as a result of this transaction (the "**Consent Required Counterparties**") prior to the Closing Date.

Article 5.5 (Operation of Target Group)

During the period from the Execution Date to the Closing Date, the Seller shall cause the Target Group's business operated with the due care of a prudent manager and within the scope of ordinary business. Also, during the period from the Execution Date hereof to the Closing Date, the Seller shall cause the Target Group to refrain from conducting each act set forth in **Exhibit 5.5** (for any act for which the party thereto is specified, limited to the act conducted by such specified party), without the prior written consent of the Purchaser (the Purchaser shall not unreasonably delay or refuse such consent); however, the conduct of any act by the Target Group that is contemplated under this Agreement shall not be prevented. If the Seller requests consent to conduct any act by the Target Group set forth in **Exhibit 5.5**, the Purchaser shall promptly notify the Seller of whether or not it gives its consent thereto, and if the Purchaser does not give an answer that it does not consent thereto within five (5) Business Days from such request made by the Seller, the Purchaser shall be deemed to have given its consent.

Article 5.6 (Termination of Secondment)

The Seller shall, by the Closing Date, cause the termination of the secondment of the two (2) employees of the Seller who are seconded to the Target Company, and the Purchaser shall not object thereto.

Article 5.7 (Termination of the Use of the Seller Group's Brands)

The Seller shall cause the Target Company to terminate the use of marks such as trademarks, brands and logos held or managed, solely or jointly, by the companies that belong to the Seller Group as of the Closing Date, except for those approved to be used after the Closing to the extent and upon such terms as set forth in **Exhibit 5.7**, and the Purchaser shall not object thereto.

Article 5.8 (Cooperation on Insurance Matters)

The Seller shall provide the Purchaser or Purchaser Guarantor with reasonable support prior to the Closing related to insurance, including providing information on current insurance policies, exposure information, claims history and premiums in order to support conversion of the Target Group over to Purchaser's insurance program as of Closing.

Article 5.9 (Selection of the Purchaser Entity)

Purchaser and Purchaser Guarantor shall, in the course of execution of this Agreement, with regard to all the damages incurred by the Seller and Target Company arising out of the choice of purchasing entity by the Purchaser Guarantor, on and after the Execution Date, take appropriate measures to solve such problems, provided that the damages are limited to the direct monetary losses which the Seller or the Target Company have actually borne, and reputation issues or other consequential losses are not included. In the event that any amendment to this Agreement is found out to be necessary in the future due to the change of purchasing entity, in response to the Seller's request, the Purchaser and Purchaser Guarantor shall have discussion with the Seller in good faith and provide any information regarding the Purchaser on the responsibility of Purchaser and Purchaser Guarantor upon the Seller's request. This provision will be applied only if the Seller would claim by specifically identifying the grounds and the contents clearly to the Purchaser and Purchaser Guarantor before the expiration date of three (3) months from the Closing Date.

Chapter VI Post-Closing Covenants

Article 6.1 (Post-Closing Covenants by Purchaser)

1. For two (2) years after the Closing (until the expiration of the contract terms for employees on fixed-term contracts), the Purchaser shall cause the Target Company to continue to employ the employees of the Target Company as of the Closing Date (excluding, however, employees who resign on their own accord and where there are grounds for dismissal of employees) and to maintain terms and conditions equivalent to the terms and conditions of employment as of the Closing Date.

2. For two (2) years after the Closing, the Purchaser shall cause the Target Company to maintain the status (including compensation and benefits) of the directors of the Target Company as of the Closing Date (excluding, however, where the directors resign on their own accord or refuse reappointment, or there are grounds for the termination of appointment pursuant to applicable Japanese law) and to maintain duties and treatments that are equivalent to the duties and treatments as of the Closing Date.

3. Unless there was a breach of fiduciary duty by gross negligence or willful misconduct, the Purchaser shall not pursue any liability of, or make any claim for any business operations conducted as the directors/auditors of the Target Company on or before the Execution Date against, statutory auditor Onodera, who will resign as the statutory auditor of the Target Company as of the Closing Date, or any directors/auditors and employees of the Seller who were directors/auditors of the Target Company in the past, and shall not cause the Target Company or the Target Company's directors/auditors to do so.

4. The services listed in **Exhibit 6.1** that are provided by the Seller Group to the Target

Company on the Execution Date shall continue to be provided under the respective terms and conditions set forth in **Exhibit 6.1** after the Closing. The details of the agreement subject to the terms and conditions above shall be provided under a transition service agreement (the "**TSA**") to be executed with contents reasonably satisfactory to the Seller and the Purchaser after consultation between the parties.

5. The Purchaser shall cause the Target Company to maintain the Target Company's severance allowance system as of the Closing Date even after the Closing, provided that the reasonable adjustment of the Target Company's severance allowance system due to the replacement set forth in the paragraph 6 of this Article would not be restricted.

6. The Purchaser shall cause the Target Company to maintain the Target Company's pension system as of the Closing Date even after the Closing. However, as soon as reasonably practical but no later than within nine (9) months from the Closing, the Purchaser shall prepare a system to replace the Seller Group's pension system and cause the Target Company's officers and employees to transfer to that replacement system for the benefit of the Target Company's officers and employees. Also, the Purchaser shall cause the Target Company to allocate and bear the costs which are necessary in the event of the absence of such replacement system, or the costs which are necessary in making a transition to the replacement system

7. The Purchaser shall cause the Target Company to maintain the Target Company's health insurance system as of the Closing Date even after the Closing. However, as soon as reasonably practical but no later than within six (6) months from the Closing, the Purchaser shall cause the Target Company's officers and employees to transfer to systems to replace the Seller Group's health insurance system for the benefit of the Target Company's officers and employees.

8. Regarding the manufacturing and sales systems of the Target Company, the Purchaser shall continue to make efforts after the Closing to respect previous management policies, including the maintenance of trading relationships with existing business connections, including Katoh Co., Ltd.

9. Within 5 Business Days from the Closing Date, the Purchaser shall cause the Target Company to change its company name to a name that does not contain the description both "沖(Oki)" and "OKI" and does not cause any misunderstandings of attribution to the Seller Group, and as soon as reasonably practicable, the Purchaser shall cause the Target Subsidiary to change its company name to a name that does not contain the description both "沖(Oki)" and "OKI" and does not cause any misunderstandings of attribution to the Seller Group. Also, the Purchaser shall not cause the Target Company to use marks such as trademarks, brands, and logos held or managed, solely or jointly, by the companies that belong to the Seller Group on and after the Closing Date, except for those licensed for use after the Closing based on the terms and conditions provided in **Exhibit 5.7**.

10. Even after the Closing Date, in relation to the Seller's preparation of financial statements and tax returns, investigations or audits by the tax authorities and other administrative institutions, or lawsuits, disputes or other procedures with any third party, the Purchaser shall permit the Seller (including its attorneys-at-law, certified public accountants, tax accountants, advisors or agents) to access the Target Company's books, records, agreements, minutes, documents, materials, and facilities such as sales offices and assets to the extent not hindering the Target Company's businesses.

11. Within 5 Business Days from the Closing Date, the Purchaser shall cause the Target Company to hold an extraordinary general shareholders meeting which record date (either publication of gazette or amendment of the articles of incorporation shall be taken to set a record date, hereinafter the same in this paragraph.) is the previous date of the Closing Date, and at that meeting, the Purchaser shall cause the Target Company to pay the Seller a dividend (which record date is the previous date of the Closing Date) equivalent to the surplus calculated by deducting JPY 400 million from the aggregate amount of the account balances of all the bank accounts held by the Target Company which are shown on the account balance certificates issued by the respective banks as of March 31, 2017 (with respect to foreign currency accounts, the amount converted into JPY at the TTM rate published by Mizuho Bank, Ltd.) (such aggregate amount is defined

as the "**Final Bank Account Adjustment Amount** "), as the cash dividend for the entire period in which the Seller had whole ownership of the Target Company. However, this dividend payment shall be made only where the calculated Final Bank Account Adjustment Amount is larger than JPY 400 million; and if the Final Bank Account Adjustment Amount is less than JPY 400 million, the Seller shall pay to the Purchaser the difference between the Final Bank Account Adjustment Amount and JPY 400 million, in accordance with **Exhibit 2.4**. At such extraordinary general shareholders meeting, the Seller may only approve the dividend pursuant to this paragraph and amendment of articles of incorporation in relation to the change of the company name of Target Company pursuant to paragraph 9 of this Article, and is prohibited from proposing other agenda and exercising other voting right and have no other shareholder rights without Purchaser`s prior consent.

Article 6.2 (Post-Closing Covenants by Seller)

1. The Seller shall allow the Target Group to use marks such as trademarks, brands and logos held or managed, solely or jointly, by the companies that belong to the Seller Group as of the Closing Date, pursuant to the terms and conditions as set forth in **Exhibit 5.7**. For the avoidance of doubt, the Target Group may continue to use the product code identifiers such as ORD or OR-[x] without the limitation of time and the Seller shall not object thereto as such product code identifiers belong to the Target Group.

2. For a period of five (5) years commencing on the Closing Date and ending on the fifth (5th) anniversary of the Closing Date, Seller shall not, and shall not permit any of its subsidiaries or affiliates to, in a direct manner (i) engage in the production or sale of the reed switches (the "**Restricted Business**"); (ii) acquire or own any interest in any other person (or its successor) (limited to such investment that makes Seller or its subsidiaries or affiliates a majority holder of the interest in such person) that is engaged in the Restricted Business, or (iii) permit the third party to use the name of "沖(Oki)" or "OKI" in relation to the Restricted Business.

3. Unless otherwise reasonably agreed to by the parties hereto on a case-by-case basis, for a period of two (2) years commencing on the Closing Date and ending on the second (2nd) anniversary of the Closing Date, neither Purchaser nor Seller shall, and shall not permit any of their respective subsidiaries or affiliates to, directly or indirectly, solicit any person who is employed by the other party or its subsidiaries or affiliates, as applicable except pursuant to a general solicitation or advertisement which is not directed specifically to any such employees; provided, however, that nothing in this paragraph 3 of this Article shall prevent Purchaser, Seller or any of their respective subsidiaries or affiliates from (i) soliciting any employee whose employment has been terminated by the other party or its subsidiaries or affiliates, as applicable, (ii) soliciting any employee who first contacts Purchaser, Seller or their respective subsidiaries or affiliates, as applicable, in response to a general solicitation, or (iii) soliciting any employee who has resigned or whose employment has been terminated by such employee after the date of such resignation or termination of employment.

4. For a period of two (2) years, commencing on the Closing Date and ending on the second (2nd) anniversary of the Closing Date, in relation to the Purchaser's preparation of audited financial statements and tax returns, investigations or audits by the tax authorities and other administrative institutions, or lawsuits, disputes or other procedures with any third party, the Seller shall permit the Purchaser (including its attorneys-at-law, certified public accountants, tax accountants, advisors or agents) to access the Seller's books, records, agreements, minutes, documents, and materials insofar as they relate in any way to the Target Group to the extent not hindering the smooth operation of the Seller's businesses.

5. The Seller shall provide the Purchaser or Purchaser Guarantor with assistance with regard to (i) any post-close claims that may be made related to the Target Group for which insurance coverage exists under pre-close policies owned by Seller and (ii) any post-close insurance adjustments related to the Target Group that fall under pre-close policies owned by Seller.

Chapter VII Compensation or Indemnification

Article 7.1 (Compensation or Indemnification)

1. If the Purchaser or Purchaser Guarantor incurs any damage arising out of any violation of the Seller's obligations under this Agreement or the inaccuracy or falsity of the Seller's representations and warranties under Article 3.1, the Seller shall compensate or indemnify the Purchaser or Purchaser Guarantor for such damage.

2. If the Seller incurs any damage arising out of any violation of the Purchaser or Purchaser Guarantor's obligations under this Agreement or the inaccuracy or falsity of the Purchaser or Purchaser Guarantor's representations and warranties under Article 3.2, the Purchaser or Purchaser Guarantor shall compensate or indemnify the Seller for such damage.

3. Compensation or indemnification of damage under paragraphs 1 and 2 of this Article may be claimed only if a notice from the party claiming compensation or indemnification by specifically indicating the grounds and the claimed amount reaches the other party before the expiration date of fifteen (15) months from the Closing Date (the "**Compensation Claim Due Date**") (provided, however, that, with respect to the compensation or indemnification of damage caused by any violation of the Seller's or the Purchaser or Purchaser Guarantor's covenants set forth in each provision of Chapter 5 and 6 under this Agreement, (i) the expiration date of nine (9) months from the date when the party who is going to claim the compensation or indemnification of such damage realized such violation, or (ii) the expiration date of nine (9) months from the date of the expiration date of Seller's or the Purchaser or Purchaser Guarantor's fulfillment of obligations, whichever comes earlier). If the notice does not reach the other party by the Compensation Claim Due Date, the other party's compensation and indemnification obligations under this Article shall be extinguished.

4. Any claim for compensation or indemnification of damage under paragraphs 1 or 2 of this Article and Article 5.9 may be made (i) only if the amount of the claim for damage based on a single fact or a series of the related facts is ¥5 million or more, and (ii) if the aggregate amount of the claims for damage falling under (i) above is ¥100 million or more, but then only for the portions exceeding ¥100 million.

5. No claim for compensation or indemnification of damage based on paragraphs 1 or 2 of this Article and Article 5.9 may be made to the extent that the total amount of the actual damage paid exceeds 10% of the Final Transfer Price in aggregate, and the Seller, Purchaser and the Purchaser Guarantor shall not bear obligations for compensation or indemnification for any portions exceeding that amount.

6. Notwithstanding each paragraph provided above, any limitation under paragraphs 3, 4 or 5 of this Article shall not be applicable to (i) any damage caused by willful misconduct or gross negligence of the other party and/or (ii) the Seller's Fundamental Representations and Warranties. In this Article, the "**Seller's Fundamental Representations and Warranties**" mean the representations and warranties based on section 1 and paragraphs 1, 2 and 9 of section 2 of **<u>Exhibit 3.1</u>**.

Chapter VII-A Tax Matters

Article 7A.1 Tax Returns

On the Closing Date, the Target Group will leave the Seller's tax consolidated group and file corporate income and consumption tax returns for the period ending on the date prior to the Closing Date. The Seller shall be responsible for preparing and filing all income tax returns with respect to the activity of the Target Group for any taxable period ending on or prior to the Closing Date (the "**Pre-Closing Tax Period)**, and the Seller hereby covenants and agrees to pay all income taxes shown on such income tax returns. Since Target Company has a joint tax liability with respect to the national corporate income tax liabilities of the Seller's tax consolidated group, the Target Company can charge to the Seller any taxes the Target Company paid due to the joint tax liability, and such right includes national corporate income taxes for the period for the fiscal year ended March 31, 2017 or earlier.

Article 7A.2 Tax Proceedings

In the event that the Purchaser or any of its affiliates, including the Target Group, receives any oral or written communication regarding any pending or threatened examination, audit, claim, adjustment or other proceeding with respect to the liability of the Target Group or the Seller for taxes for any Pre-Closing Tax Period (a "**Tax Claim**"), the Purchaser will, within twenty (20) days, notify the Seller in writing thereof (provided, however, that any failure by Purchaser to provide timely written notice shall not prejudice Purchaser's entitlement to indemnification so long as Purchaser can demonstrate that (i) Seller was aware of such Tax Claim within such notice period or (ii) the failure to provide timely notice has not prejudiced Seller's ability to contest any such Tax Claim). If the Seller is liable under this Agreement for such taxes, the Seller will be entitled, at the Seller's sole expense and with counsel of its own choosing to control or settle the contest of any Tax Claim. The Seller will keep the Purchaser fully and timely informed with respect to the commencement, status and nature of any Tax Claim. The Purchaser and its affiliates, including the Target Group, will cooperate fully with the Seller in handling any such Tax Claim.

Article 7A.3 Cooperation on Tax Matters

The Purchaser and the Seller shall cooperate fully in connection with the filing of tax returns and any audit, litigation or other proceeding with respect to taxes, including, without limitation, by providing or causing to be provided to the Seller any powers of attorney that the Seller reasonably requests for the purposes of filing any income tax return or participating in any proceeding. Such cooperation shall include the retention and the provision of records and information reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

Article 7A.4 Restricted Actions

Without the prior written consent of the Seller, neither the Purchaser nor any affiliate thereof shall: (a) file, re-file, supplement, or amend any tax returns with respect to the activity of the Target Group for any taxable period ending on or prior to the Closing Date, (b) voluntarily approach any taxing authority regarding any taxes or tax returns with respect to the activity of the Target Group that were originally due on or prior to the Closing Date, or (c) take any action relating to taxes that could create a tax liability for the Target Group or the Seller for any taxable period ending on or prior to the Closing Date.

Chapter VIII Cancellation

Article 8.1 (Cancellation)

1. The Seller may immediately cancel this Agreement by written notice to the Purchaser upon the occurrence of any of the following matters before the Closing. The Seller may not cancel this Agreement after the Closing for any reason.

    (1) if the Purchaser violates its obligations under this Agreement in any material respect or the Purchaser or Purchaser Guarantor's representations and warranties set forth in Article 3.2 are not true or accurate in any material respect and such violation of obligations or falsity or inaccuracy of representations and warranties remains unrectified by the expiry of two (2) weeks from (and including) the notification date, even if the Seller gave written notification to the Purchaser.

    (2) if any application for commencement of bankruptcy proceedings, civil rehabilitation proceedings, corporate reorganization proceedings, special liquidation or any other legal insolvency proceedings similar thereto, and any voluntary liquidation, business revitalization alternative dispute resolution (ADR) or other procedures equivalent thereto (hereinafter collectively referred to as "**Insolvency Proceedings**") has been made against the Purchaser or Purchaser Guarantor; or

    (3) if the Transfer is not effected by June 30, 2017, for reasons not attributable to the Seller.

2. The Purchaser may immediately cancel this Agreement by written notice to the Seller upon the occurrence of any of the following matters before the Closing. The Purchaser

may not cancel this Agreement for any reason after the Closing. The Purchaser Guarantor can cancel this Agreement only in cooperation with the Purchaser as long as the Purchaser is entitled to cancel this Agreement.

(1) if the Seller violates its obligations under this Agreement in any material respect or the Seller's representations and warranties set forth in Article 3.1 are not true or accurate in any material respect and such violation of obligations or falsity or inaccuracy of representations and warranties remains unrectified by the expiry of two (2) weeks from (and including) the notification date, even if the Purchaser gave written notification to the Seller;

(2) if any application for commencement of Insolvency Proceedings is made against the Seller; or

(3) if the Transfer is not effected by June 30, 2017, due to reasons not attributable to the Purchaser and Purchaser Guarantor.

3. Even after the cancellation of this Agreement pursuant to the preceding paragraphs, the provisions of Article 7.1, this paragraph 3 and Chapter IX shall continue to be effective. The cancellation of this Agreement shall not have any effect on the rights or obligations of the parties hereto regarding any liability for compensation or indemnification under Article 7.1 of this Agreement that was incurred before the termination of this Agreement.

Chapter IX General Provisions

Article 9.1 (Limitation of Method of Relief)

The Seller, the Purchaser and Purchaser Guarantor may not make claims of indemnity or compensation of damage, claims of cancellation, or any other claims arising from or regarding this Agreement to the other party, regardless of default, warranty against defects, liability for tort, liability for unjust enrichment, or any other law composition. However, this shall not apply for those expressly approved in this Agreement.

Article 9.2 (Confidentiality)

1. For two years from the Execution Date, the Seller, the Purchaser and the Purchaser Guarantor shall not, unless there is a prior written approval from the other party, disclose, leak or announce to a third party the information from the other party (the other party of Purchaser and the Purchaser Guarantor includes the Target Company) or the agent (including an attorney-at-law, certified public accountant, tax accountant, and securities company, hereinafter the same), obtained in conjunction with the negotiation and the performance of the Agreement, and the facts and the contents of the execution of this Agreement (except to the extent determined in applicable Laws and Regulations, or the applicable regulations of the Financial Instruments Exchange or its equivalents), nor use them for purposes other than in this Agreement. However, this shall not apply if, in the minimum scope necessary for the execution and the performance of this Agreement, the Seller, Purchaser and the Purchaser Guarantor disclose these to their respective officer and employee or the agent. In such cases, the Seller, the Purchaser and the Purchaser Guarantor shall make such officer and employee or agent comply with the obligations provided in this Article.

2. Obligations pursuant to the preceding paragraph shall not be applied to the following items:

(1) Information already known to the public before the receiving party received it from the disclosing party;

(2) Information already held properly by the receiving party before the receiving party received it from the disclosing party;

(3) Information that became known to the public by reasons not attributable to the receiving party, after the receiving party received it from the disclosing party; and

(4) Information acquired by the receiving party from a third party with proper authority, without bearing confidentiality obligations.

3. The Seller shall treat the information it acquires before the Closing in connection with the Target Group (excluding (i) any information that is already in the public domain as of the date this Agreement is executed, and (ii) any information that enters the public domain without any fault attributable to the Seller on or after the date this Agreement) as confidential information provided by the Purchaser on or after the Closing and shall have the obligation prescribed in paragraph 1 of this Article (paragraph 2 of this Article shall not apply).

4. The Purchaser and the Purchaser Guarantor shall not have any obligation prescribed in paragraph 1 of this Article with respect to the confidential information provided by the Seller that relates to the Target Group on or after the Closing.

Article 9.3 (Public Announcement)

Press releases or other public announcements regarding transactions intended under this Agreement shall be made by the Seller and Purchaser Guarantor through sufficient consultation on the period, contents and the method, etc. thereof.

Article 9.4 (No Transfer/ Join and Several Guarantee by Purchaser Guarantor)

Purchaser Guarantor jointly and severally guaranties the performance of the Purchaser's obligations under this Agreement. Seller, Purchaser and the Purchaser Guarantor shall not transfer, relocate, succeed, or otherwise dispose of this Agreement or the position under this Agreement, or the rights, obligations, credits, or debts based on this Agreement or such position, without prior written approval of the other party. However, Purchaser may transfer, relocate, succeed, or otherwise dispose of this Agreement or the position under this Agreement, or the rights, obligations, credits, or debts based on this Agreement or such position to any wholly-owned subsidiary of the Purchaser Guarantor, without prior written approval of the other party provided that Purchaser and Purchaser Guarantor jointly and severally guaranty the performance by any such subsidiary of all obligations of the Purchaser under this Agreement.

Article 9.5 (Severability)

If any provision of this Agreement or a part of such provision becomes invalid due to the application of laws and regulations, the Agreement shall remain in force and effect except for such invalid section. If a part of this Agreement becomes invalid, and such invalidity causes material effect to the Seller, the Purchaser or the Purchaser Guarantor, the Seller, the Purchaser and the Purchaser Guarantor shall have faithful consultations to seek solutions such as a modification of the Agreement, to reduce the effect to be caused by the partial invalidity of the Agreement.

Article 9.6 (Notice)

All notice, claim, demand, or any other contact from the Seller, the Purchaser or the Purchaser Guarantor in regards to the Agreement shall be made in writing or by Email and be sent to the following addresses, and by either certified mail or registered mail in the case of writing. However, each notice, etc. shall be deemed to have arrived (i) after three days from the delivery date in the case of writing and (ii) when the Email actually arrives in the case of Email. The Seller and the Purchaser may change the address of delivery or notice thereof any time, by notifying the counterparty pursuant to this Article

(Seller's Address)

Address:	7-12, Toranomon 1-chome, Minato-ku, Tokyo
Address name:	To: Toru Hattanda, Oki Electric Industry Co., Ltd.
Telephone:	(+81) - 3 - 3501 - 3868
Email:	hattanda288@oki.com

(Purchaser and the Purchaser Guarantor's Address) c/o Standex International Corporation

Address:	11 Keewaydin Drive Salem, NH 03079
Address name:	To: Alan J. Glass, Standex International Corporation
Telephone:	+1- (603) - 893 - 9701
Email:	aglass@standex.com

Article 9.7 (Entire Agreement)

This Agreement (including the Exhibits attached hereto) constitutes the entire agreement between the parties, regarding the subject matters including the Transfer. All prior written or oral agreements with respect to such subject matters shall be invalid.

Article 9.8 (Sharing of Expenses)

Except for when otherwise expressly determined in this Agreement, the Seller, the Purchaser and the Purchaser Guarantor shall each bear the expenses respectively occurred in relation to the execution and performance of the Agreement.

Article 9.9 (Governing Law)

The Agreement shall be governed and construed by Japanese Law.

Article 9.10 (Jurisdiction)

The Seller, the Purchaser and the Purchaser Guarantor consent to the exclusive jurisdiction of the Tokyo District Court in the first instance for any dispute arising from or related to the Agreement.

Article 9.11 (Faithful Consultations)

The Seller, the Purchaser and the Purchaser Guarantor shall determine the matters not provided in this Agreement upon faithful consultations, in compliance with the purport of this Agreement.

(No further text on this page)

IN WITNESS WHEREOF, the Seller, the Purchaser and Purchaser Guarantor have executed this Agreement in three counterparts by signing and affixing their seals thereto, and each party shall retain one copy thereof.

February 2, 2017

/s/ Shinya Kamagami

Seller: 7-12, Toranomon 1-chome, Minato-ku, Tokyo
Oki Electric Industry Co., Ltd.
Representative Director and President
Shinya Kamagami

/s/ David A. Dunbar

Purchaser: Mold-Tech Singapore Pte. Ltd.
159 Kampong Ampat
Unit #01-01
KA Place, Singapore 368328
David A. Dunbar, Director

/s/ David A. Dunbar

Purchaser Guarantor: Standex International Corporation

11 Keewaydin Drive, Suite 300
Salem, NH 03079
David A. Dunbar, Chairman,
CEO & President

Exhibit 1.1(29)

Items Not Included in "Debt"

I Target Company liabilities

1. Account payables
(1) Payables to creditors

2・Accrued liabilities
(1) Income tax payables (including those due to the Seller)
(2) Contribution to OKI Corporate Pension Fund (a defined contribution plan)
(3) Capex payables (so long as these are consistent with those presented in the materials of the management presentation held on November 21, 2016)

3・Accrued expenses
(1) Incentives due to retail stores and/or distributors in accordance with agency contracts
(2) Accruals for services rendered by the Seller Group
(3) Accruals for general and administrative expenses

4・Deposits
(1) Individual tax and social insurance premiums withheld from employees and industrial doctors

5・Guarantee deposits
(1) Deposits received from retail stores and/or distributors

6・Advances received
(1) Advances received from retail stores and/or distributors

7・Post-retirement benefits
(1) Provision for retirement allowance plan
(2) Provision for directors' retirement benefits
(3) Payables for transfer to a defined contribution plan

8・Asset retirement obligations in accordance with Regulation of Financial Statements 8-42 (財務諸表規則第*8*条第*42*項)

9・Suspense consumption tax received

10・Corporate taxes payable in accordance with Regulation of Financial Statements 49- 3 (財務諸表規則第*49*条第*3*項)
(1) Inhabitant tax (per income tax basis, per capita basis)
(2) Enterprise tax (per income basis)
(3) Special local corporation tax
(4) Enterprise tax (per added value basis, per capital basis)

II Target Subsidiary liabilities
1・Account payables
(1) Payables to Target Company

2・Accrued tax expenses
(1) Value added tax
(2) Corporate income tax
(3) Urban maintenance and construction tax
(4) River course management fees
(5) Educational surtax
(6) Local educational surtax

3・Other accrued liabilities
(1) Accruals for general and administrative expenses (travel, entertainment, administrative, communication and freight only)
(2) Cost of logistics (freight, tariff, warehouse and outsourcing fees only)

III Other liabilities

Other liabilities not listed above I and II that are specifically approved by the Purchaser

Exhibit 2.4

Procedure to Calculate the Final Transfer Price

Section 1 Preparation of Closing Date Accounts

(a) During the first seventy-five (75) days after the closing of the transaction, the Tokyo office of Grant Thornton (the Seller and Purchaser shall agree the specific entity of the Grant Thornton group which actually conduct the audit, hereinafter the same in this paragraph provided the approval of Seller shall not be unreasonably withheld) shall perform an audit of the books and records of the Target Company for the fiscal year of April 1, 2015 through and including March 31, 2016 as well as the interim period from April 1, 2016 through and including the Closing Date. The cost of such audit shall be borne by Purchaser, and the scope of such audit shall include a balance sheet, profit and loss statement and statement of cash flows of the Target Company as of the Closing Date (the "**Closing Date Accounts**"), a copy of which shall be provided to Seller at the conclusion of the audit. For purposes of determining any adjustment to the Estimated Transfer Price, the line items for Cash and Working Capital as set forth in the Closing Date Accounts shall be determinative.

(b) Seller and Purchaser shall cooperate in good faith in connection with the conduct of the audit and Seller shall provide the Tokyo office of Grant Thornton with reasonable access during normal business hours to the books and records, premises, directors, officers and employees of the Target Group and make available the preparation or compilation of any financial data or other information (including drafts of financial statements or annual accounts or portions thereof).

Section 2 Accounting Principles

The Closing Date Accounts shall be prepared (i) consistent with the Target Company's specific historic accounting policies, practices, bases and methodologies and (ii) in accordance with the regulations of Japanese GAAP as in force and applicable in Japan at the time of the audit.

Section 3 Final Transfer Price

The Final Transfer Price shall equal the Estimated Transfer Price (i) minus the extent to which Cash reflected on the Closing Date Accounts is less than ¥400 million and (ii) plus or minus the extent to which Working Capital reflected on the Closing Date Accounts exceeds ¥700 million or is less than ¥350 million.

Exhibit 3.1

Seller's Representations and Warranties

Section 1 Matters Regarding the Seller

1. (Seller's Ability)

Seller is a stock company that is lawfully and effectively incorporated and existing under the laws of Japan. It has the requisite power and authority to carry out its businesses as currently conducted.

2. (Seller's Rights of Execution of Contracts)

Seller has absolute and unrestricted requisite power and authority and capacity to execute and perform this Agreement and Seller has the power and authority to sell, transfer and deliver to the Purchaser the full legal and beneficial ownership in the Shares pursuant to this Agreement and to consummate the transactions contemplated herein. Seller's execution and performance of this Agreement are acts within the purpose thereof, and the Seller has followed all internal procedures necessary for the execution and performance of this Agreement, required by Laws and Regulations, its articles of incorporation, and other internal rules.

3. (Effectivity and Enforceability of this Agreement)

This Agreement constitutes the lawful, valid, and legally binding obligations of the Seller if this Agreement is lawfully and effectively executed by both the Seller and the Purchaser. This Agreement constitutes the obligations which may be executed on the Seller, in accordance with their respective terms, subject in each case to bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights in general and to general principles of equity (regardless of whether considered in a proceeding in equity or an action at law).

4. (Insolvency Proceedings, etc.)

No Insolvency Proceedings have been commenced against the Seller. Seller or a third party has not filed any petitions for the commencement thereof. Seller is not under any condition of insolvency, inability to pay debts, or suspension of payment, and there are no risks of insolvency, inability to pay debts, or suspension of payment as a result of the execution or performance of this Agreement.

5. (Shares)

Seller is the beneficial and record owner of all of the Shares. There is no mortgage by transfer, pledge or other security rights (except for general statutory lien) on such Shares and Seller is capable to deliver to the Purchaser good and marketable title to such Shares free and clear of encumbrance (except for general statutory lien).

6. (Antisocial Forces)

(1) Seller neither belongs to an Antisocial Force, nor has any relationships with an Antisocial Force as set forth in each item below:

(i) Where it is found that the Antisocial Force is controlling the management;
(ii) Where it is found that the Antisocial Force is substantially related to the management;
(iii) Where it is found that the Seller is using the Antisocial Forces, such as by intending to acquire a wrongful gain thereof or of a third party, or by causing damage to a third party;
(iv) Where it is found that the Seller is involved with the Antisocial Forces, such as by offering funds, etc. or providing benefits; or
(v) Where an officer, etc. or a person virtually involved in the management has a relationship with the Antisocial Forces, which is considered to be criticized by society.

(2) Seller does not or cause a third party to conduct acts that fall under any of the following items:

(i) Violent request;
(ii) Unjust request exceeding legal responsibility;
(iii) Act using threatening language or action, or violence;
(iv) Act that damages the credit or obstructs the business of others by spreading false rumors or by use of fraudulent means or force; or
(v) Any other acts equivalent to the preceding items.

Section 2 Matters Regarding the Target Group

1. (Incorporation and Qualification of Target Group)

Target Group is a stock company that is lawfully and effectively incorporated and validly existing under the relevant jurisdiction. The Target Subsidiary has lawfully registered and has a valid approval and corporate license from the authorities. It has the requisite power and authority to carry out its businesses as currently conducted, and to own or lease its properties and assets as and where currently owned or leased.

2. (Authorized Shares and Issued Shares of Target Group)

(a) The total number of authorized shares of the Target Company is 400,000 ordinary shares, and the total number of issued and outstanding shares is 400,000 shares. All of the issued and outstanding capital stock of the Target Company was duly authorized, validly issued and is fully paid and non-assessable. The Target Company does not issue, grant any rights to convert into, or acquire shares other than the Shares, convertible bonds, bonds with preemptive rights, preemptive rights, share options and bonds with share options. All of the issued and outstanding Shares were issued in compliance with applicable securities laws.

(b) The registered capital of the Target Subsidiary is RMB 2,000,000, and the equity interests held by the Target Company constitute 100% of all equity interests in the registered capital of the Target Subsidiary. The Target Company is the record owner of the entire equity interests in the Target Subsidiary, free and clear of all encumbrances. All of the issued and outstanding capital stock of the Target Subsidiary was duly authorized, validly issued and is fully paid and non-assessable. The Target Subsidiary does not issue, grant any rights to convert into, or acquire shares other than the investment by the Target Company, convertible bonds, bonds with preemptive rights, preemptive rights, share options and bonds with share options. All of the investment in the Target Subsidiary was made in compliance with applicable securities laws.

3. (Financial Statements)

(a) The Financial Statements are internal management accounts that are aligned with and in accord with results consolidated into the Seller's independently audited financial statements, appropriate in material respects, and properly show the financial conditions of the Target Group as of the date stated in the Financial Statements in material respects, and the performance and cash flows in such period in material respects, and have been prepared in accordance with applicable GAAP, consistently applied throughout the periods covered thereby.

(b) The Target Group has no liabilities of any kind that are required to be reflected on a balance sheet of the Financial Statements prepared in accordance with applicable GAAP that are not reflected.

(c) To the actual knowledge of Seller, there are no facts or circumstances that would reasonably be expected to call into question the collectability of any accounts receivable on the balance sheet of the Financial Statements.

(d) To the Seller's actual knowledge, subject to any provisions on the balance sheet of the Financial Statements, all inventory is usable or saleable in the ordinary course of business and not obsolete; there are no facts or circumstances that would reasonably be expected to write up or down the value of inventory except for write-ups or write-downs in accordance with applicable GAAP in the ordinary course of business.

4. (Subsidiaries)

The Target Company does not own any equity interest in another person other than the Target Subsidiary and one common share in Property Accumulation Residence Finance Corporation.

5. (Material Contract)

Each agreement or contract that is material to the business of the Target Group, and all amendments thereto, is listed in Attachment 2.5 ("**Material Contract**"), and a complete copy of each such Material Contract has been provided to the Purchaser. Each Material Contract is legal, valid, binding, enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors' rights and subject to general principles of equity) and in full force and effect. The Target Group is not in breach or default in any material respect under any Material Contract (with or without the lapse of time, or the giving of notice, or both), and to the actual knowledge of Seller, no other person (excluding the Target Group) who is a party to any material contract is in breach or default in any material respect under any Material Contract (with or without the lapse of time, or the giving of notice, or both). The Target Group has not sent or received any written notice of breach, termination or cure with respect to any Material Contract that is not currently resolved. To the Seller's actual knowledge, the Target Group have not received any communication from a counterparty to a Material Contract indicating that such counterparty intends to materially decrease the volume or amount of business that it conducts with the Target Group or materially alter the terms of its contract with the Target Group.

6. (Assets)

(a) The Data Room sets forth all the real properties owned and/or leased by the Target Group that are material to the business of the Target Group (the "**Real Property**"). The Target Group has good and marketable title to, a valid leasehold interest in, or has the valid and enforceable right to use, all material properties and assets for the business of the Target Group (whether tangible or intangible, and including the Real Property) located at its business facilities. Among such material properties and assets, properties and assets owned by the Target Group are reflected as owned in the books and records of the Target Group, purchased, used or otherwise acquired by the Target Group in connection with the conduct of the business as presently conducted. Such properties and assets are free and clear of all mortgage (except for general statutory lien).

(b) To the Seller's actual knowledge, the buildings, plants, structures, machinery, tools, dies, furniture, fixtures and equipment of the Target Group including the facilities located on the Real Property (the "**Facilities**") are in good and serviceable operating condition and repair, ordinary wear and tear excepted. To the Seller's actual knowledge, none of such buildings, plants, structures, machinery, tools, dies, furniture, fixtures or equipment including the Facilities is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in cost to the business of the Target Group, taken as a whole. To the Seller's actual knowledge, the assets and properties, tangible and intangible, of the Target Group, including any leased assets and properties of the Target Group (which includes the Facilities), taken as a whole, are sufficient to carry on the business of the Target Group as it is currently conducted and free and clear of all liens except for the statutory lien.

7. (Intellectual Property)

(a) The Target Group has the right to use or owns free and clear of all encumbrances all material intellectual properties used in the Target Group's business.

(b) The Target Group does not infringe any third-party's patent right, utility model right, trademark right or design right, copyright, trade secret or other intellectual property rights (collectively "**Intellectual Property Rights**"), and, to the Seller's actual knowledge, there is no fact indicating that any third party infringes the Target Group's Intellectual Property Rights. The Target Group has neither infringed any third-party

Intellectual Property Right, nor received a written claim for the Target Group's infringement of such right.

8. (Labor)

The Target Group is in compliance in all material respects with all applicable legal requirements relating to the employment of labor including, without limitation, provisions thereof relating to wages, hours, equal opportunity, collective bargaining, workplace safety, discrimination, immigration and the payment of social security and other taxes and, the Target Group has not been and is not subject to any adverse rulings, findings or determinations of unlawful employment practices or violations of other related Laws and Regulations. During the three (3) year period preceding the Closing, there has not been, there is not presently pending or existing, and to the actual knowledge of Seller there is not threatened any proceeding against or affecting the Target Group or the key management relating to the alleged violation of any legal requirement pertaining to labor relations or employment matters. There is no special bonus, hidden payment offerings or any other payment to the officers or employees or any other parties triggered by the transaction contemplated herein. The Data Room sets forth all compensation and benefit plans pertinent to the employees and key management of the Target Group and there are no undisclosed promises regarding compensation and benefits of any such employees and key management.

9. (Tax)

The Target Group has duly and timely filed all tax returns required to be filed prior to the Closing Date and such tax returns are true, correct and complete. The Target Group has complied with all applicable Laws and Regulations relating to the withholding of taxes (including but not limited to all national, local, foreign, and other income, sales, use, transfer property tax, and VAT or consumption tax) and has duly and properly withheld from salaries, wages and other compensation, and paid over to the appropriate governmental bodies, all amounts required to be so withheld and paid over for all periods.

10. (Compliance)

The Target Group is in material compliance with all applicable Laws and Regulations. No notice has been issued and no proceeding is pending or, to the actual knowledge of Seller, threatened against the Target Group with respect to any alleged violation of any legal requirement applicable to the Target Group. The Target Group has all material governmental authorizations required by all legal requirements applicable to the operation of the business. The material governmental authorizations issued to the Target Group are in full force and effect and the Target Group is in compliance in all material respects with such applicable governmental authorizations.

11. (Litigations, etc.)

Except for a legal proceeding case where a temporary injunction was raised by Amano Seisaku Jo, K.K. regarding invalidity of the termination of subcontract by the Target Company (a case where the Target Company received a written petition on August 19, 2015 and which was completed and resulted in a reconciliation on September 8, 2015.), there is no pending, nor has there been for the three years immediately preceding the Closing Date, litigation, arbitration, other judicial or administrative procedure, or an investigation by the government or administrative institution, of which the Target Group is a party or the assets of the Target Group is a subject thereof, or, to the actual knowledge of Seller, threatened against the Target Group.

12. (No conflict)

Neither the execution and delivery of this Agreement by the Seller nor the consummation or performance of any of the transactions contemplated hereunder by the Target Group will (i) contravene, conflict with, or result in a violation of or default under any provision of the organizational documents of the Target Group, (ii) contravene, conflict with, or result in a violation of or default under any legal requirement or any order to which the Target Group is subject, (iii) assuming all consents are obtained, violate or conflict with, or result in a default or require notice under, or give any person the right to exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify any Material Contract, or (iv) result in the imposition or creation of any encumbrance upon or with respect to any of the material assets owned, leased or licensed by the Target Group.

13. (Events Since the date of the latest Financial Statement)

Since September 30, 2016, the business of the Target Group has not suffered any Material Adverse Effect, and except as set forth in the Data Room, the Target Group has not conducted any action listed in Exhibit 5.5 (except for the transaction stipulated in this Agreement).

14. (Environment)

The Target Group is in material compliance with Environmental Laws and practices that affect the Target Group, Real Property and the Facilities, and Seller has not received written notice (or has knowledge of any fact which creates the threat of such notice) from any governmental body or any person who has an interest in management of the Real Property and the Facilities of any actual, alleged pending or threatened violation or investigation of an alleged violation of any environmental law by the Target Group. The environmental information in the Data Room is true and accurate, and does not omit any material information regarding environmental issues.

15. (Antisocial Forces)

(1) To the actual knowledge of Seller, the Target Group neither belongs to an Antisocial Force, nor has any relationships with an Antisocial Force as set forth in each item below:

(i) Where it is found that the Antisocial Force is controlling the management;
(ii) Where it is found that the Antisocial Force is substantially related to the management;
(iii) Where it is found that the Target Group is using the Antisocial Forces, such as by intending to acquire a wrongful gain thereof or of a third party, or by causing damage to a third party;
(iv) Where it is found that the Target Group is involved with the Antisocial Forces, such as by offering funds, etc. or providing benefits; or
(v) Where an officer, etc. or a person virtually involved in the management has a relationship with the Antisocial Forces, which is considered to be criticized by society.

(2) To the actual knowledge of Seller, the Target Group does not or cause a third party to conduct acts that fall under any of the following items:

(i) Violent request;
(ii) Unjust request exceeding legal responsibility;
(iii) Act using threatening language or action, or violence;
(iv) Act that damages the credit or obstructs the business of others by spreading false rumors or by use of fraudulent means or force; or
(v) Any other acts equivalent to the preceding items.

16. (Accuracy of Disclosure)

All of the information disclosed from the Seller to the Purchaser in the Data Room is true and correct in all material respects, and does not contain any untrue or incorrect statement of a material fact, and does not omit any fact necessary, in light of the circumstances in which they were provided, to make the statements contained herein or therein not false or misleading in all material respects.

Attachment 2.5

[list of material contracts intentionally omitted from public filing due to competition sensitive and confidentiality concerns]

Exhibit 3.2

Purchaser and Purchaser Guarantor's Representations and Warranties

Section 1 Purchaser's Representations and Warranties

1. (Purchaser's Ability)

Purchaser is a private limited company that is lawfully and effectively incorporated and existing under the laws of Singapore. It has the requisite power and authority to carry out its businesses as currently conducted.

2. (Purchaser's Rights of Execution of Contracts)

Purchaser has absolute and unrestricted requisite power and authority to execute and perform this Agreement. Purchaser's execution and performance of this Agreement are acts within the purpose thereof, and the Purchaser has followed all internal procedures necessary for the execution and performance of this Agreement, required by Laws and Regulations, its articles of incorporation, and all other internal rules.

3. (Effectivity and Enforceability of this Agreement)

This Agreement constitutes the lawful, valid, and legally binding obligations of the Purchaser if this Agreement is lawfully and effectively executed by both the Seller and the Purchaser. This Agreement constitutes the obligations which may be executed on the Purchaser, in accordance with their respective terms, subject in each case to bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights in general and to general principles of equity (regardless of whether considered in a proceeding in equity or an action at law).

4. (Insolvency Proceedings, etc.)

No Insolvency Proceedings have been commenced against the Purchaser. The Purchaser or a third party has not filed any petitions for the commencement thereof. Purchaser is not under any condition of insolvency, inability to pay debts, or suspension of payment, and there are no risks of insolvency, inability to pay debts, or suspension of payment as a result of the execution or performance of this Agreement.

5. (Financial Resources)

Purchaser has sufficient financial resources to perform all obligations in this Agreement.

6. (Due Diligence)

Purchaser was provided with a necessary and sufficient opportunity to conduct due diligence by the Execution Date, in regards to the business, legal affairs, financial affairs, tax affairs, and from other perspectives of the Target Company. The due diligence is completed in the form satisfied by the Purchaser.

7. (Antisocial Forces)

(1) Purchaser neither belongs to an Antisocial Force, nor has any relationships with an Antisocial Force as set forth in each item below:

(i) Where it is found that the Antisocial Force is controlling the management;
(ii) Where it is found that the Antisocial Force is substantially related to the management;
(iii) Where it is found that the Purchaser is using the Antisocial Forces, such as by intending to acquire a wrongful gain thereof or of a third party, or by causing damage to a third party;
(iv) Where it is found that the Purchaser is involved with the Antisocial Forces, such as by offering funds, etc. or providing benefits; or
(v) Where an officer, etc. or a person virtually involved in the management

has a relationship with the Antisocial Forces, which is considered to be criticized by society.

(2) Purchaser does not or cause a third party to conduct acts that fall under any of the following items:

(i) Violent request;
(ii) Unjust request exceeding legal responsibility;
(iii) Act using threatening language or action, or violence;
(iv) Act that damages the credit or obstructs the business of others by spreading false rumors or by use of fraudulent means or force; or
(v) Any other acts equivalent to the preceding items.

Section 2 Purchaser Guarantor's Representations and Warranties

1. (Purchaser's Ability)

Purchaser Guarantor is a stock company that is lawfully and effectively incorporated and existing under the laws of State of Delaware, United States and owns 100% of the ownership interest of Purchaser. It has the requisite power and authority to carry out its businesses as currently conducted.

2. (Purchaser Guarantor's Rights of Execution of Contracts)

Purchaser Guarantor has absolute and unrestricted requisite power and authority to execute and perform this Agreement. Purchaser Guarantor's execution and performance of this Agreement are acts within the purpose thereof, and the Purchaser Guarantor has followed all internal procedures necessary for the execution and performance of this Agreement, required by Laws and Regulations, its articles of incorporation, and all other internal rules.

3. (Effectivity and Enforceability of this Agreement)

This Agreement constitutes the lawful, valid, and legally binding obligations of the Purchaser Guarantor if this Agreement is lawfully and effectively executed by both the Seller and the Purchaser Guarantor. This Agreement constitutes the obligations which may be executed on the Purchaser Guarantor, in accordance with their respective terms, subject in each case to bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights in general and to general principles of equity (regardless of whether considered in a Proceeding in equity or an action at law).

4. (Insolvency Proceedings, etc.)

No Insolvency Proceedings have been commenced against the Purchaser Guarantor. The Purchaser Guarantor or a third party has not filed any petitions for the commencement thereof. Purchaser Guarantor is not under any condition of insolvency, inability to pay debts, or suspension of payment, and there are no risks of insolvency, inability to pay debts, or suspension of payment as a result of the execution or performance of this Agreement.

5. (Financial Resources)

Purchaser Guarantor has sufficient financial resources to perform all obligations in this Agreement.

6. (Due Diligence)

Purchaser Guarantor was provided with a necessary and sufficient opportunity to conduct due diligence by the Execution Date, in regards to the business, legal affairs, financial affairs, tax affairs, and from other perspectives of the Target Company. The due diligence is completed in the form satisfied by the Purchaser Guarantor.

7. (Antisocial Forces)

(1) Purchaser Guarantor neither belongs to an Antisocial Force, nor has any

relationships with an Antisocial Force as set forth in each item below:

(i) Where it is found that the Antisocial Force is controlling the management;
(ii) Where it is found that the Antisocial Force is substantially related to the management;
(iii) Where it is found that the Purchaser Guarantor is using the Antisocial Forces, such as by intending to acquire a wrongful gain thereof or of a third party, or by causing damage to a third party;
(iv) Where it is found that the Purchaser Guarantor is involved with the Antisocial Forces, such as by offering funds, etc. or providing benefits; or
(v) Where an officer, etc. or a person virtually involved in the management has a relationship with the Antisocial Forces, which is considered to be criticized by society.

(2) Purchaser Guarantor does not or cause a third party to conduct acts that fall under any of the following items:

(i) Violent request;
(ii) Unjust request exceeding legal responsibility;
(iii) Act using threatening language or action, or violence;
(iv) Act that damages the credit or obstructs the business of others by spreading false rumors or by use of fraudulent means or force; or
(v) Any other acts equivalent to the preceding items.

Exhibit 5.5

Matters to be Prohibited before the Closing Date

(1) Amend the organizational or constitutional documents
(2) Issue or agree to issue any share or other similar equity interest
(3) Declare or make a dividend payment except for permitted under Article 5.3.
(4) Merger, company split, share exchange, share transfer or any other reorganization act
(5) Dissolution
(6) Petition to apply to commence Insolvency Proceedings
(7) Change of accounting principles or standards used to prepare financial statements
(8) Amend or abolish the articles of incorporation, the rules of the board of directors or other important company rules
(9) Establish, dissolve or liquidate a subsidiary company; launch a new business; or suspend or discontinue an existing business
(10) Execute, amend, cancel or terminate any agreement, etc. with any affiliated company of the Seller (excluding those required by the existing agreement, etc. or otherwise to be conducted in accordance with the practice existing before the Execution Date within the scope of ordinary business)
(11) Waive rights worth 10 million yen or more per right or worth substantially equivalent to such amount or more
(12) Initiate, alter or terminate an important business alliance with a third party
(13) Institute or settle a lawsuit, etc.
(14) Acquire, transfer or otherwise dispose of all or a part of business
(15) Undertake new borrowings from any third party, issuance of corporate bonds, assumption of liabilities, guarantee of liabilities or other act incurring liabilities
(16) Lease assets worth 5 million yen or more per annum
(17) Transfer, license or otherwise dispose of intellectual property rights; or acquire, sell, create security interests over or otherwise dispose of other assets (including shares and accounts receivables) worth 10 million yen or more per asset
(18) Undertake capital investment or other investment worth 300 million yen or more per annum, or 50 million yen or more per investment except as set forth in the business plan provided to Purchaser in the Data Room.
(19) Offer or make a new loan to a third party
(20) Execute an important agreement (including (a) executing an agreement under which, as a result of receiving cash and deposits thereunder, cash and deposits shown on the Target Company's consolidated balance sheet and other fixed liabilities corresponding to them will increase by more than 10 million yen per agreement, and (b) if, as a result of receiving cash and deposits under the relevant agreement, cash and deposits shown on the Target Company's consolidated balance sheet and other fixed liabilities corresponding to them increases, (i) executing an agreement resulting in the accumulated amount of such increase on or after the date of execution of this Agreement exceeding 50 million yen, and (ii) thereafter, executing an agreement causing an increase of cash, deposits and other fixed liabilities); cancel, terminate or make an important amendment to such important agreement (except for the expiry of term of the fire insurance the Seller, as an insurance contractor, has an agreement in as of the Execution Date which covers the Target Group and the execution of an insurance which the Target Company is an insurance contractor and the Target Group is the covered entity. The Seller shall disclose the contents of such contract to the Purchaser before executing it.)
(21) Make any important change of pay standard of employees or other working conditions; or change, terminate or execute a labor-management agreement
(22) Second employees, transfer their employment, transfer their job or change their job category
(23) Appoint or dismiss officers
(24) Increase rewards (including bonuses) to be paid to directors and other officers, counsel, temporary employees, attorneys, advisors or consultants, and other changes in conditions favorable to payees
(25) Pay retirement allowances owed to directors or company auditors
(26) Issue or dispose of shares for subscription, share options for subscription or bonds with share options; or any other such action affecting the shareholding (including the potential shareholding) of existing shareholders

Exhibit 5.7

Terms and Conditions to Use Trademarks, Brands and Logos

By the Closing, the Seller, the Purchaser Guarantor, and the Target Company shall execute a corporate brand licensing agreement (the "Brand License Agreement") which includes the following content.

1. Brand to be Licensed
   (1) trademark "OKI" (OKI logo)/slogan (the "Brand") (within the scope of "3. Brand use scope")

2. Basic terms and conditions of the license
   (1) The Target Company and the Target Subsidiary can only be the licensed company ("Licensed Company"). However, Standex-Meder Electronics, as a current distributor of the Target Company and subsidiary of the Purchaser Guarantor, shall convert its use of the Brand on product packaging, marketing materials and literature in the same manner and timeframe as the Target Company.
   (2) The effective term shall be one year from the Closing Date. However, the Seller and the Purchaser Guarantor shall have discussion in good faith in relation to the extension of the effective term as the current branding needs of the Licensed Company relates to the Asia market.
   (3) As a license fee, the Licensed Company shall pay the Seller the amount equivalent to [0.8%] of the sales (excluding the sales to the Target Subsidiary and the sales to the wholly owned subsidiary of the Purchaser Guarantor) concerning the use during such quarter.
   (4) The Closing of this Agreement shall be the conditions precedent for the Brand License Agreement to take effect.

3. Brand Use Scope
   (1) trademark "OKI" (OKI logo)/slogan
      (i) Marketing: the brand use is possible by consulting with the Seller in advance or complying with the guideline agreed separately, on condition that the Licensed Company should be specified to have no capital ties with the Seller and to be the Purchaser Guarantor's subsidiary.
      (ii) The product catalogue, the packing materials, the uniforms, and the office furniture and the like: They can be used until the current stock is used up. However, the product catalogue and the packing materials (including the packing materials located at distributors) (where reasonably possible) shall be used by attaching a seal thereto specifying that the Licensed Company has no capital ties with the Seller and is the Purchaser Guarantor's subsidiary, and those newly procured, if any, shall be changed to the design decided later.
      (iii) Business card: To be replaced at the Closing.
      (iv) Employee identification card: To be replaced at the Closing. If new employee identification cards cannot be issued by the Closing, a certain time extension shall be allowed upon consultation. However, the maximum time extension shall be within three months from the Closing.
      (v) Website: the existing website can be used (the Purchaser, however, cannot use the uniform domain names ("www.oki.com" and "@oki.com")), on condition that the Purchaser should comply with the guideline agreed separately where the Purchaser uses the Brand in the banner etc. and the Licensed Company be specified to have no capital ties with the Seller and to be the Purchaser Guarantor's subsidiary.
      (vi) Financial documents: the current materials can be used without editing or correction, and new materials shall be changed to the design decided later.
      (vii) Signboards: To be replaced at the Closing. If the Purchaser cannot replace the signboards due to circumstances beyond Purchaser's control by the Closing, a certain time extension shall be allowed upon consultation. However, the maximum time extension shall be within one month from the Closing.

4. Reporting Obligation of the Licensed Company
   (1) The Licensed Company shall report, in writing, the sales and the use condition of the Brand each quarter. In addition, upon reporting the use condition of the Brand, the Licensed Company shall either certify that it has made no changes to the forms in which it uses the Brand as previously agreed with Seller or, to the extent any such changes have been made (the changes would be allowed to the extent such changes complied with the guideline agreed separately, unless the Licensed Company would obtain a consent from the Seller), submit each of the following items as a sample to the Seller to the extent such items contain such change, provided that the use

condition of the Brand in relation to the product catalogue, the packing materials located at distributors are excluded from the objective of the report..

(i) materials for the purpose of marketing set forth in 3(1)(i)

(ii) product catalogue, packing materials, uniforms, office furniture and the like (including ones to be newly procured) set forth in 3(1)(ii)

(iii) employee identification card set forth in 3(1)(iv) in the event that the use of the Brand has been allowed after the Closing

(iv) website set forth in 3(1)(v) which uses the Brand

(v) financial documents set forth in 3(1)(vi) (including new documents)

(vi) signboards set forth in 3(1)(vii) in the event that the use of the Brand has been allowed after the Closing

(2) In the event that Seller has a reasonable basis for believing that the report issued by the Licensed Company is inaccurate, the Licensed Company, upon the Seller's reasonable advance request, shall allow the Seller and an audit corporation or others designated by the Seller to read, examine, or audit (the "Audit") the books, records, and other materials, which are the basis for the report in the preceding paragraph. Any such Audit shall be coordinated with the Licensed Company so as to minimize any impact on the day to day business operations of the Licensed Company.

5. Covenants of the Licensed Company

(1) The Licensed Company shall maintain the qualities and reliability suited for the Brand, for the goods and services the Brand are used.

(2) When using the Brand, the Licensed Company must not perform any act which harms the credit, trust, reputation, etc. of the Seller or the Brand.

6. Agreement Cancellation

The Seller may immediately cancel this Brand License Agreement by written notice to the Purchaser Guarantor upon the occurrence of any of the following matters:

(1) any Licensed Company has knowingly or materially violated the Brand License Agreement; in this regard, the final Brand License Agreement shall specify what actions would constitute a material violation.

(2) any Licensed Company has violated the Brand License Agreement (excluding the case prescribed in the preceding item), and that violation remains unresolved after written notice from the Seller of such violation, for a reasonable period of time after the demand by the Seller;(3) the Agreement has been cancelled;

(4) any application for commencement of Insolvency Proceedings is made against the Purchaser Guarantor;

(5) any event other than those prescribed in the preceding items occurs, in which any Licensed Company's use of the Brand based on the present licensing is reasonably recognized to have Material Adverse Effects on the credit of the licensing company or the Brand; or

(6) in the event that the Purchaser Guarantor cannot directly or indirectly keep the 100% ownership of the Licensed Company

The Licensed Company may immediately cancel this Brand License Agreement by written notice to the Seller upon the provision of documentation certifying to the Seller the full conversion from and discontinued use of the Brand that are the subject of this agreement and the approval from the Seller.

7. Others

(1) the governing law shall be Japanese law; and the court for jurisdiction shall be the Tokyo District Court.

(2) the Purchaser Guarantor shall be jointly responsible for the performance of the duties of the Licensed Company

(3) no rights or obligations can be transferred.

(4) a confidentiality provision shall be separately provided.

(5) a damage compensation provision shall be separately provided.

End

Exhibit 6.1

TSA Related Services

This exhibit sets forth the principles and main terms upon which the parties have agreed regarding the provision of transition services by the Seller and the payment for such services by the Target Company and/or the Purchaser as of the previous day of the Execution Date. The parties will continue to work together to further refine such terms (which may include the addition of additional transitional services items as the parties identify and mutually agree) as the actual Transition Services Agreement is drafted between the Execution Date of the SPA and the Closing. While the parties shall continue to negotiate the fees associated with such transition services in good faith, the parties agree that, excepting where no fee was charged historically at all, such fees will not exceed the fees charged by Seller and its affiliates to the Target Company for the same or similar services as reflected in the most recent Financial Statements.

Category	Sub-group	概要/Description	Service Term (months)	Providing Party	Receiving Party	TSA Fee (JPY/month)	
Engineering	Patent Related	特許調査支援 Patent information research support(including providing information and introducing patent attorney offices)	12 months	Orchid	Azalea	2月末をめどに決定 Will be decided by end of Feb.	
Engineering	Patent Related	特許教育 Patent education	12 months	Orchid	Azalea	有償 paid service Actual cost (e.g. travel cost) will be charged	
Engineering	Assessment for exporting	教育実施（e-ラーニング） Education (e-learning)	12 months	Orchid	Azalea	有償 paid service 2月中をめどに決定 Will be decided within Feb.	
Engineering	Assessment for exporting	第3者のセミナーに関する情報提供 Providing seminar information of third party	12 months	Orchid	Azalea	無償 Free of charge	
Engineering	Assessment for exporting	法改正関連情報提供 Providing information about legal changes related to the exporting	12 months	Orchid	Azalea	無償 Free of charge	
Engineering	Assessment for exporting	内部監査の実施 (Azaleaの運用状況をチェック) Internal audit *Azalea want Orchid to check their operation	12 months	Orchid	Azalea	有償 (交通費など実費) paid service (actual cost (e.g. traval expense) will be charged)	
Finance	Accounting & Treasury Planning	法改正に関する情報提供 Providing information on changes in regulation in relation to finance	12 months	Orchid	Azalea	無償 Free of charge	

Finance	Accounting & Treasury Planning	税務に関する情報提供 Providing information relating tax	12 months	Orchid	Azalea	無償 Free of charge
Finance	Accounting & Treasury Planning	会計処理上の対応相談 Consulting for accounting related matters	Consistent with TSA for Accounting system	Orchid	Azalea	無償 Free of charge
Finance	Accounting & Treasury Planning	システムの運用問合せ Consulting for system operation	Consistent with TSA for Accounting system	Orchid	Azalea	無償 Free of charge
General Affairs	GA planning	工場環境に関する情報提供（法令対応等) Providing information related to plant environment	12 months	Orchid	Azalea	無償 （実費発生分は請求） Free of charge (To be billed at cost) 2月中をめどに決定 Will be decided within Feb.
General Affairs	Printer	現プリンター(Orchid 様のネットワークを使用)の継続使用 Continuous use of printers under Orchid's network after the closing	Consistent with TSA for IT system	OPS	Azalea	有償 2月末をめどに決定 Paid service Will be decided by end of Feb.
HR	HR Planning	法改正や制度改正に関する情報提供 Providing information about legal changes related to HR	12 months	Orchid	Azalea	無償 Free of charge
HR	HR Planning (system)	マイナンバーシステムのデータ移行、名義変更等の支援Data transfer support and change of ownership etc for My Number system	One Time (Transition Support)	Orchid	Azalea	無償Free of charge
HR	HR Planning (system)	人事関連システム(HRD ポータルの使用) のクロージング後の継続使用 Continuous use of HR related system (HRD Portal) after the closing	9 months	Orchid	Azalea	無償 Free of charge

HR	Payroll	給与計算システムのクロージング後の継続使用 Continuous use of payroll system after the closing	6 months	OPS	Azalea	業務委託料 （Service 150k per month) *off-cycle processing is charged separately (e.g. End-Year Adjustment) Discuss additional support required for ensuring correctness of payroll data after signing DA but prior to closing
HR	Benefit	Orchid年金制度の適用継続 Extended coverage of Orchid Group DB and DC pension	9 months	Orchid	Azalea	DB掛金はOKI企業年金基金から毎月請求 Azalea pays DB pension premiums to Orchid pension fund every month (DB掛金の請求のみ(No Service Fee is charged))
HR	Benefit (System)	退職金ポイント管理システム Retirement benefit administration system	9 months	Orchid (OPS)	Azalea	30k per half a year
HR	Benefit	Orchid健康保険制度の適用継続 Extended coverage of Orchid Health Insurance Plan	6 months	Orchid	Azalea	健康保険料、介護保険料はOKI健保から毎月請求 Azalea pays Health Insurance premiums and Long term care premiums to Orchid Health Insurance every month (保険料の請求のみ(No Service Fee is charged))
IT	-	情報セキュリティチェック Information security check	One time (Transition support)	Orchid	Azalea	無償 Free of charge
IT	-	情報提供（ウィルス情報等） Providing information on computer virus etc.	Consistent with TSA for IT system	Orchid	Azalea	無償 Free of charge
IT	System operation	システム保守・運用一般業務に関する覚書 Operation and maintenance of IT system	Consistent with TSA for IT system	OSK	Azalea	387,000 (same hourly rate as historical / agreement rate)
IT (apps)	PANDA	アクティブディレクトリ （ユーザー情報一元管理） Active Directory (Uniform management for user information)	12 months	Orchid	Azalea	12,300

IT (apps)	Visual Nexus	TV会議システム（Orchidグループ内用） TV conference system(For internal Orchid Group)	12 months	Orchid	Azalea	16,500
IT (apps)	IT asset management system	PCインストール済みソフト等の管理 Management of installed software on PC	12 months	Orchid	Azalea	Included in "Digital Guardian" cost of 114,750 in IT(apps) category
IT (apps)	Oracle EBS	会計業務全般支援システム Overall Accounting work support system	12 months	Orchid	Azalea	250,000
IT (apps)	CORONA	会計データのEUC活用 Utilizing accounting data for EUC	12 months	Orchid	Azalea	Included in "Oracle EBS" cost of 250,000 in IT(apps) category
IT (apps)	Mirror	会計データのEUC活用 Utilizing accounting data for EUC	12 months	Orchid	Azalea	Included in "Oracle EBS" cost of 250,000 in IT(apps) category
IT (apps)	J'sNavi	経費精算支援システム Cost control support system	12 months	Orchid	Azalea	Included in "Oracle EBS" cost of 250,000 in IT(apps) category
IT (apps)	ProPlus	固定資産管理業務サポートシステム Fixed Asset Management support system	12 months	Orchid	Azalea	Included in "Oracle EBS" cost of 250,000 in IT(apps) category
IT (apps)	CORONA (Azalea DWH)	情報データベース Information database	12 months	Orchid	Azalea	Included in "Oracle EBS" cost of 250,000 in IT(apps) category
IT (apps)	safeboot	ディスク暗号化 Disk encryption	12 months	Orchid	Azalea	43,500
IT (apps)	Digital Guardian	セキュリティ Security	12 months	Orchid	Azalea	114,750
IT (apps)	Sky PDF	PDF作成・編集 Creating and editing PDF	12 months	Orchid	Azalea	Included in "Digital Guardian" cost of 114,750 in IT(apps) category
IT (apps)	shareresearch	特許検索システム Patent information search system	12 months	Orchid	Azalea	無償 Free of charge
IT (apps)	Garnet	販売、調達、在庫、入出庫作業等の業務支援システム Sales, procurement, stock, loading & unloading support system	12 months	Orchid	Azalea	90,000

IT General	All	Orchid様によるAzaleaITシステム関連の移行支援 Orchid's transition support to Azalea for matters related to IT system	One time (Transition support)	Orchid	Azalea	the methodology of unit price will be decided by middle of Feb 2017
IT Infrastructure	Network	ネットワーク(WAN) (甲府・新宿・国立・高尾・八王子) Network (WAN) (Kofu, Shinjuku, Kunitachi, Takao, Hachioji)	12 months	Orchid	Azalea	264,600
IT Infrastructure	Network	Network (LAN)	12 months	Orchid	Azalea	Included in ""Network(WAN)" cost of 264,000 in IT Infrastructure category
IT Infrastructure	Switch	L3 switch	12 months	Orchid	Azalea	Included in ""Network(WAN)" cost of 264,000 in IT Infrastructure category
IT Infrastructure	Switch	L2スイッチ（建屋間） L2 switch (between buildings)	12 months	Orchid	Azalea	Included in ""Network(WAN)" cost of 264,000 in IT Infrastructure category
IT Infrastructure	Server	共通ファイルサーバ Shared file server	12 months	Orchid	Azalea	75,000
IT Infrastructure	Platform	統合プラットフォーム（R版含む） Integrated platform (incl. ver. R)	12 months	Orchid	Azalea	235,000 + 282,000 (ver. R) = 517,000
IT Infrastructure	Server	WSUS server	12 months	Orchid	Azalea	Included in ""Network(WAN)" cost of 264,000 in IT Infrastructure category
IT Infrastructure	Switching equipment	交換機 Switching equipment	12 months	Orchid	Azalea	Included in ""Network(WAN)" cost of 264,000 in IT Infrastructure category For extension
IT Infrastructure	Printer	複合機 Multifunction machine EXaaS OKI Managed Print Service	12 months	Orchid	Azalea	*基本料 Basic charge (Fixed) 45,500 *print料 Print cost (Usage) Cost range from 130,000 to 150,000
IT Infrastructure	PC	PC	12 months	Orchid	Azalea	360,000
IT Infrastructure	Mobile phone, Wi-Fi router	携帯電話・WiFiルーター Mobile phone, Wi-Fi router	12 months	Orchid	Azalea	140,000 ~ 170,000

IT Infrastructure	Network	ネットワーク（中国子会社・上海） Network (Subsidiary in China, Shanghai)	12 months	Orchid	Azalea	30,800
Legal Affairs	Directional Support of Legal Affairs	契約書ひな形　受領（現状のOrchid 雛型を今後も継続して使用出来るかをOrchid 様に確認したい） Template of contract and agreement (*need to confirm if Orchid's templates can be used after the closing)	One time (Transition Support)	Orchid	Azalea	無償 Free of charge
Procurement	-	下請法等の法改正情報提供 Updating information on legal changes (e.g. subcontracting law)	12 months	Orchid	Azalea	無償 Free of charge
Risk Compliance	Risk Compliance management (Directional support of implementation)	教育（コンプライアンス管理、情報セキュリティなどに関するe-ラーニング） Education (e-learning of risk compliance management, information security etc.)	12 months	Orchid	Azalea	有償 paid service 2月中をめどに決定 Will be decided within Feb.
Group Insurance	Insurance	Provide reasonable support prior to and after Closing related to insurance, including – 1) provide information on current insurance policies, 2) supporting (where needed) application processes to enable new policies needed, and 3) supporting (where relevant) any post-close claims that may be made related to Azalea that fall under pre-close policies owned by Orchid 4) supporting (where relevant) any post-close insurance adjustments related to Azalea that fall under pre-close policies owned by Orchid	12 months	Orchid	Stevia	Free of charge regarding information provision For other requiring any significant personnel support, reimburse labor hours

EXHIBIT 31.1

RULE 13a-14(a) CERTIFICATION

I, David Dunbar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Standex International Corporation for the quarter ending March 31, 2017;

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: May 2, 2017

/s/ David Dunbar

David Dunbar
President/Chief Executive Officer

EXHIBIT 31.2

RULE 13a-14(a) CERTIFICATION

I, Thomas D. DeByle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Standex International Corporation for the quarter ending March 31, 2017;

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: May 2, 2017

/s/ Thomas D. DeByle

Thomas D. DeByle
Vice President/Chief Financial Officer

EXHIBIT 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Sec. 1350)
With Respect to the Standex International Corporation
Quarterly Report on Form 10-Q
For the Fiscal Quarter Ended March 31, 2017

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned Chief Executive Officer and Chief Financial Officer respectively of Standex International Corporation, a Delaware corporation (the "Company") do hereby certify that:

1. The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) as applicable, of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 2, 2017 */s/ David Dunbar*

David Dunbar
Chief Executive Officer

Dated: May 2, 2017 /s/ *Thomas D. DeByle*

Thomas D. DeByle
Chief Financial Officer