

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

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

FORM 10-Q/A
AMENDMENT NO. 1

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

For the quarterly period ended September 30, 2014

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

Commission File Number 1-7233

STANDEX INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(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 (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 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 NO

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

Large accelerated filer

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

The number of shares of Registrant's Common Stock outstanding on October 27, 2014 was 12,754,028.

EXPLANATORY NOTE

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

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

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

See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Statements of Operations

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

Cash dividends per share	\$	0.10	\$	0.08
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See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Statements of Comprehensive Income

Three Months Ended
September 30,

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

See notes to unaudited condensed consolidated

financial statements

STANDEX INTERNATIONAL CORPORATION
Unaudited Condensed Consolidated Statements of Cash Flows

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

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

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for:

Interest	\$	473	\$	429
Income taxes, net of refunds	\$	1,049	\$	3,280

See notes to unaudited condensed consolidated financial statements

STANDEX INTERNATIONAL CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1)

Management Statement

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

2)

Acquisition

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

The Company paid \$55.0 million in cash for 100% of the outstanding stock of MPE Aeroengines Inc, of which Enginetics is a wholly owned subsidiary and has preliminarily recorded intangible assets of \$10.6 million, consisting of \$9.1 million of customer relationships which are expected to be amortized over a period of fifteen years and \$1.5 million of trademarks which are indefinite-lived. Acquired goodwill of \$32.8 million is not deductible for income tax purposes due to the nature of the transaction. The Company anticipates finalizing the purchase price allocation, primarily as it relates to acquired intangible assets, during the quarter ending December 31, 2014.

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

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

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

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

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

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

Ultrafryer	Preliminary Allocation	Adjustments	Final
Fair value of business combination:			