STANDEX INTERNATIONAL CORP/DE/
Form 10-K
August 28, 2012

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

FORM 10-K

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

For the fiscal year ended June 30, 2012 Commission File Number 1-7233

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

DELAWARE	31-0596149
(State of incorporation)	*(I.R.S. Employer Identification No.)*
11 KEEWAYDIN DRIVE, SALEM, NEW HAMPSHIRE	03079
(Address of principal executive offices)	*(Zip Code)*

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE

SECURITIES EXCHANGE ACT OF 1934:

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES [ ] **NO** [X]

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES [ ] **NO** [X]

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

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

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

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

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES [ ] **NO** [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant at the close of business on December 31, 2011 was approximately $423,000,000. Registrant s closing price as reported on the New York Stock Exchange for December 31, 2011 was $34.17 per share.

The number of shares of Registrant's Common Stock outstanding on August 24, 2012 was 12,614,552

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant s 2012 Annual Meeting of Stockholders (the Proxy Statement) are incorporated by reference into Part III of this report.

Forward Looking Statement

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

PART I

Item 1. Business

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

We are a leading manufacturer of a variety of products and services for diverse industrial market segments. We have 12 operating segments, aggregated and organized for reporting purposes into five segments: Food Service Equipment Group, Engraving Group, Engineering Technologies Group, Electronics Products Group and Hydraulics Products Group. Overall management, strategic development and financial control are maintained by the executive staff from our corporate headquarters located in Salem, New Hampshire.

Our corporate strategy has several primary components.

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

- Our focus is on the growth and development of businesses that provide customer solutions or engineered products that provide higher levels of added value to our customers. These types of businesses generally demonstrate the ability to sustain sales and profit growth over time and provide superior operating margins to enhance shareholder returns.

- We have a focus on operational excellence through the continuous improvement in the cost structure of our businesses and in management of working capital. We recognize that our businesses are competing in a global economy that requires that we constantly strive to improve our competitive position. We have deployed a number of management competencies including lean enterprise, the use of low cost manufacturing facilities in countries such as Mexico, India, and China, the consolidation of manufacturing facilities to achieve economies of scale and leveraging of fixed infrastructure costs, alternate sourcing to achieve procurement cost reductions, and capital improvements to increase shop floor productivity, which drives improvements in the cost structure of our business units. Further, we have made a priority of improving the utilization and efficiency in the investment of working capital in our business units.

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Finally, we have a constant focus on cash flow generation. We recognize that cash flow is fundamental in our ability to invest in organic and acquisitive growth for our business units, to allow us to return cash to our shareholders in the form of dividends and that it is a measure of the quality of the earnings that we generate over time.

(1)

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

(2)

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

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

Description of Segments

Food Service Equipment Group

Our Food Service Equipment businesses are leading, broad-line manufacturers of commercial food service equipment which includes products on the cold or in the refrigerated segment of food service applications and on the hot or in the cooking, warming or holding segment of the market. Our products are used throughout the entire food service process; from storage, to preparation, to cooking and to display. The equipment that we design and manufacture is utilized in restaurants, convenience stores, quick-service restaurants, supermarkets, drug stores and institutions such as hotels, casinos and corporate and school cafeterias to meet the challenges of providing food and beverages that are fresh and appealing while at the same time providing for food safety, energy efficiency and reliability of the equipment performance. The Food Service Equipment Group also applies technology and product expertise in the health science and medical markets. Customers in this segment include laboratories, health care institutions, and blood banks. Our products are sold direct, through dealer buying groups and through industry representatives. Through innovation and acquisition, we continue to expand this segment. Our brands and products include:

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Master-Bilt® and Kool Star® refrigerated reach-in and under counter refrigerated cabinets, cases, display units, and walk-in coolers and freezers

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

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APW Wyott®, American Permanent Ware, Bakers Pride®, Tri-Star and BevLes® commercial ranges, ovens, griddles, char broilers, holding cabinets and toasters used in cooking, toasting, warming and merchandising food

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American Foodservice custom-fabricated food service counter systems, buffet tables and cabinets

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Barbecue King® and BKI® commercial cook and hold units, rotisseries, pressure fryers, ovens and baking equipment

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Federal Industries merchandizing display cases

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Procon® rotary vane pumps used in beverage and industrial fluid handling applications

Engraving Group

Our Engraving Group is a world leader in texturizing molds used in the production of plastic components, giving the final product the cosmetic appearance and appeal that our consumers require. We provide texturizing services for molds used to produce plastic components used in automotive applications and consumer products including household items made of plastic, toys, computers, and electronic devices. Our worldwide locations enable us to better serve our customers within key geographic areas, including the United States, Canada, Europe, China, India, Southeast Asia, Australia, South Africa, and South America. In addition to mold texturizing, the Engraving Group also produces embossed and engraved rolls and plates and process tooling and machinery serving a wide variety of industries. Through the development of new digital based process technology, new green field facilities particularly focused on expansion in emerging markets, and acquisitions, the Engraving Group continues to build its market leadership position and to expand the breadth of products and services it provides to its customers on a global basis. The companies and products within the Engraving Group include Roehlen® and I R International which engrave and emboss rolls and plates used in manufacturing continuous length materials; Innovent which makes specialized tooling used to manufacture absorbent cores of many consumer and medical products; Mold-Tech® which texturizes molds used in manufacturing plastic injected components; Mullen® Burst Testers; and Perkins converting and finishing machinery. Our products are primarily sold direct through our global sales network. The Engraving Group serves a number of industries including the automotive, plastics, building products, synthetic materials, converting, textile and paper industry, computer, housewares, and construction industries.

Engineering Technologies Group

Our Engineering Technologies Group, consisting of the Spincraft® operating segment and Metal Spinners Group, provides customized solutions in the fabrication and machining of engineered components. Sales are made directly to our customers in the aerospace, energy, defense, marine, aviation, healthcare, medical, oil & gas, and general industrial markets.

Electronics Products Group

Our Electronics Products Group consists of Standex Electronics, which manufactures reed switches, electrical connectors, sensors, toroids and relays, fixed and variable inductors and electronic assemblies, fluid sensors, tunable inductors, transformers and magnetic components and Meder electronics which designs, manufactures and distributes a broad offering of magnetic reed switch, reed relay and reed sensor products. Sales are made both directly to customers and through manufacturers representatives, dealers and distributors. End user market segments include automotive, white goods, lighting, HVAC, aerospace, military, medical, security, and general industrial applications.

In July 2012, subsequent to year-end, we acquired Meder Electronic Group (Meder), which designs, manufactures and distributes a broad offering of magnetic reed switch, reed relay and reed sensor products. Our investment in Meder will substantially broaden our global footprint, product line offerings, and end-user markets in the Electronics Products Group.

Hydraulics Products Group

Our Hydraulics Products Group provides single and double acting telescopic and piston rod hydraulic cylinders through Custom Hoists to manufacturers of dump truck and dump trailers and other material handling applications. Sales are made directly to OEMs manufacturing dump trucks, trash collection vehicles, lift trucks and other mobile units requiring hydraulic power.

Raw Materials

Raw materials and components necessary for the manufacture of our products are generally available from numerous sources. Generally, we are not dependent on a single source of raw materials and supplies. We do not foresee unavailability of materials or supplies which would have a significant adverse effect on any of our businesses, nor any of our segments, in the near term. The prices of many commodities that we use generally remain at higher levels than in past years. Discussion of the impacts of these materials is included in Management s Discussion and Analysis.

Seasonality

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

Patents and Trademarks

We hold approximately 59 United States patents and patents pending covering processes, methods and devices and approximately 40 United States trademarks. Many counterparts of these patents have also been registered in various foreign countries. In addition, we have various foreign registered and common law trademarks.

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

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

Customers

Our business is not dependent upon a single customer or a few large customers, the loss of any one of which would have a material adverse effect on our operations. No customer accounted for more than 5% of our consolidated revenue in fiscal 2012 or any of the years presented.

Working Capital

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

Backlog

Backlog orders believed to be firm at June 30, 2012 and 2011 are as follows (in thousands):

	2012	**2011**
Food Service Equipment	$48,782	$41,940
Engraving	11,443	9,992
Engineering Technologies	51,756	48,848
Electronics	16,732	14,188
Hydraulics	2,892	2,900
Total	131,605	117,868
Net realizable beyond one year	11,914	14,176
Net realizable within one year	$119,691	$103,692

Competition

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

International Operations

All of our international operations are included in the Food Service Equipment, Engraving Group, Engineering Technologies, Electronics Products and Hydraulics Products business segments. International operations are conducted at 33 locations, in Europe, Canada, China, India, Singapore, Australia, Mexico, Brazil, and South Africa. See the Notes to Consolidated Financial Statements for international operations financial data. Our international operations contributed approximately 23% of operating revenues in 2012 and 19% in 2011. International operations are subject to certain inherent risks in connection with the conduct of business in foreign countries including, exchange controls, price controls, limitations on participation in local enterprises, nationalizations, expropriation and other governmental action and changes in currency exchange rates.

Research and Development

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

Environmental Matters

During 2008, the Company entered into an Administrative Order of Consent with the U.S. Environmental Protection Agency related to the removal of various PCB-contaminated materials and soils at a site where the Company leased a building and conducted operations from 1967-1979. See the notes to our consolidated financial statements for further information regarding this event.

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.

Financial Information about Geographic Areas

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

Number of Employees

As of June 30, 2012, we employed approximately 3,900 employees of which approximately 2,000 were in the United States. About 300 of our U.S. employees were represented by unions. Approximately 46% of our production workforce is situated in low-cost manufacturing regions such as Mexico and Asia.

Executive Officers of Standex

The executive officers of the Company as of June 30, 2012 were as follows:

Name	Age	Principal Occupation During the Past Five Years
Roger L. Fix	59	Chief Executive Officer of the Company since January 2003; President of the Company since December 2001
Thomas D. DeByle	52	Vice President, Chief Financial Officer, and Treasurer of the Company since March 2008; Vice President of Finance and Chief Financial Officer of Bobcat Company Doosan Infracore November 2007 March 2008 due to the divestiture of the Compact Equipment businesses from Ingersoll Rand, prior thereto various senior financial positions in Ingersoll Rand from September 2001 through November 2007 including Sector CFO of the Compact Vehicle Technologies Sector (Club Car and Bobcat).
Deborah A. Rosen	57	Chief Legal Officer of the Company since October 2001; Vice President of the Company since July 1999; Secretary of the Company since 1997.
John Abbott	53	Group Vice President of the Food Service Group since December 2006; and prior thereto President of Filtration Group of Pentair from 2004 to 2006.

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

Long-Lived Assets

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

Available Information

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

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

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

Item 1A. Risk Factors

An investment in the Company s common shares involves various risks, including those mentioned below and those that are discussed from time to time in our other periodic filings with the SEC. Investors should carefully consider these risks, along with the other information filed in this report, before making an investment decision regarding our common shares. There may be additional risks which the Company is currently unaware of or which we currently consider immaterial. All of these risks could have a material adverse effect on our financial condition, results of operations and/or value of our common shares.

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

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

reducing demand for our products and services, particularly in markets where demand for our products and services is cyclical;

causing delays or cancellations of orders for our products or services;

reducing capital spending by our customers;

increasing price competition in our markets;

increasing difficulty in collecting accounts receivable;

increasing the risk of excess or obsolete inventories;

increasing the risk of impairment to long-lived assets due to reduced use of manufacturing facilities;

increasing the risk of supply interruptions that would be disruptive to our manufacturing processes; and

reducing the availability of credit for our customers.

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

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

Our credit facility contains covenants that restrict our activities.

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

incur additional indebtedness;

make investments;

create liens;

pay cash dividends unless we are in compliance with certain financial covenants; and sell material assets.

Our global operations subject us to international business risks.

We operate in 33 locations outside of the United States in Europe, Canada, China, India, Singapore, Australia, Mexico, Brazil, and South Africa. If we are unable to successfully manage the risks inherent to the operation and expansion of our global businesses, those risks could have a material adverse effect on our business, results of operations or financial condition. Those international business risks include:

fluctuations in currency exchange rates;

restrictions on repatriation of earnings;

import and export controls;

political, social and economic instability or disruptions;

potential adverse tax consequences;

difficulties in staffing and managing multi-national operations;

difficulties in our ability to enforce legal rights and remedies; and

changes in regulatory requirements.

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

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

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

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

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

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

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

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

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

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

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

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

We may experience difficulties in integrating acquisitions.

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

inability to operate acquired businesses profitably;

failure to accomplish strategic objectives for those acquisitions;

unanticipated costs relating to acquisitions or to the integration of the acquired businesses;

difficulties in achieving planned cost savings and synergies; and

possible future impairment charges for goodwill and non-amortizable intangible assets that are recorded as a result of acquisitions.

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

Impairment charges could reduce our profitability.

We test goodwill and our other intangible assets with indefinite useful lives for impairment on an annual basis or on an interim basis if an event occurs that might reduce the fair value of the reporting unit below its carrying value. In connection with the divestiture of the Air Distribution Products (ADP) business, we determined that, based on the net realizable value of the business in the transaction, the goodwill of the ADP reporting unit was impaired. As such, we recognized $14.9 million in impairment charges in discontinued operations during the second quarter of 2012. During fiscal 2009, we incurred an impairment charge of $21.3 million relating to goodwill and intangible assets in our Food Service Equipment Group. Various uncertainties, including continued adverse conditions in the capital markets or changes in general economic conditions, could impact the future operating performance at one or more of our businesses which could significantly affect our valuations and could result in additional future impairments. The recognition of an impairment of a significant portion of goodwill would negatively affect our results of operations, the effect of which could be material to us.

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

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

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

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

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

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

Contingent liabilities from businesses that we have sold could adversely affect our results of operations and financial condition.

We have retained responsibility for some of the known and unknown contingent liabilities related to a number of businesses we have sold, such as lawsuits, tax liabilities, product liability claims, multiemployer plan withdrawal liabilities and environmental matters and have agreed to indemnify purchasers of these businesses for certain of those contingent liabilities. The purchaser of Berean Christian Bookstores, a former subsidiary of the Company, filed a Chapter 11 bankruptcy petition on June 9, 2009. On July 27, 2009, the Bankruptcy Court approved a sale under Section 363 of the Bankruptcy Code of substantially all of the assets of Berean to a newly-formed entity, Berean Christian Stores Endeavor, LLC ("Berean Endeavor"), which has assumed all of the Berean leases on which we remain an obligor. The failure of Berean Endeavor to improve the performance of the business could make it unable to satisfy its obligations under the leases, which could trigger our continuing obligation.

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

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

our failure to meet the performance estimates of securities analysts;

changes in financial estimates of our net sales and operating results or buy/sell recommendations by securities analysts;

fluctuations in our quarterly operating results;

substantial sales of our common stock;

changes in the amount or frequency of our payment of dividends or repurchases of our common stock;

general stock market conditions; or

other economic or external factors.

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

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

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

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

maintaining a classified board and imposing advance notice procedures for nominations of candidates for election as directors and for stockholder proposals to be considered at stockholders' meetings;

a provision in our certificate of incorporation that requires the approval of the holders of 80% of the outstanding shares of our common stock to adopt any agreement of merger, the sale of substantially all of the assets of Standex to a third party or the issuance or transfer by Standex of voting securities having a fair market value of $1 million or more to a third party, if in any such case such third party is the beneficial owner of 10% or more of the outstanding shares of our common stock, unless the transaction has been approved prior to its consummation by all of our directors;

requiring the affirmative vote of the holders of at least 80% of the outstanding shares of our common stock for stockholders to amend our amended and restated by-laws;

covenants in our credit facility restricting mergers, asset sales and similar transactions; and the Delaware anti-takeover statute contained in Section 203 of the Delaware General Corporation Law.

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We operate a total of 65 manufacturing plants and warehouses located throughout the United States, Europe, Canada, Australia, Singapore, China, India, Brazil, South Africa, and Mexico. The Company owns 24 of the facilities and the balance are leased. The approximate building space utilized by each product group is as follows (in thousands):

	Area in Square Feet	
	Owned	**Leased**
Food Service Equipment	1,195	260
Engraving	268	337
Engineering Technologies	171	140
Electronics	51	107
Hydraulics	101	29
Corporate and other	43	12
Total	1,829	885

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

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

Item 3. Legal Proceedings

In August 2008, a redhibition action was filed in Lafayette, Louisiana by Ultra Pure Water Technologies, Inc. (Ultra Pure) against Master-Bilt Products, an unincorporated division of Standex. Redhibition is a civil action in which a buyer may seek damages against a seller for goods sold with allegedly hidden defects. The suit alleges defects in Master-Bilt ice merchandisers which were sold to Master-Bilt s customer, who then sold them to Ultra Pure. The damages sought by Ultra Pure arise out of the alleged lost profits purportedly sustained when the Master-Bilt merchandisers were made part of a self-contained ice making system designed by Ultra Pure, called the ICEX Ice Island. Ultra Pure alleges that the ICEX units did not operate as anticipated at customer locations. Standex has been aggressively defending the action, and, the case was dismissed in September 2011 based on Master-Bilt s motion for summary judgment. However, in May 2012, the Louisiana Third Circuit Court of Appeal reversed the dismissal, finding that various fact questions should be addressed by the trial court. This reversal was appealed by Master-Bilt in July 2012 to the Louisiana Supreme Court. A determination whether the Supreme Court will hear the matter is expected in the first or second quarter of 2013. In the event that the litigation is remanded to the jurisdiction of the trial court, the result is not assured, given the unpredictability and uncertainty inherent in any jury trial. If an unfavorable outcome were to occur, there is a possibility that the Company s financial position and results of operations and cash flows could be negatively affected, although the Company is not yet able to estimate a range of possible loss.

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

Item 4. Mine Safety Disclosures

Not Applicable

PART II

Item 5. Market for Standex Common Stock

Related Stockholder Matters and Issuer Purchases of Equity Securities

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

	Common Stock Price Range				Dividends Per Share	
	2012		2011			
Year Ended June 30	**High**	**Low**	**High**	**Low**	**2012**	**2011**
First quarter	$36.68	$25.11	$30.49	$22.27	$0.06	$0.05
Second quarter	40.43	28.95	32.54	23.39	0.07	0.06
Third quarter	43.92	34.88	38.35	28.81	0.07	0.06
Fourth quarter	46.05	38.27	39.11	28.85	0.07	0.06

The approximate number of stockholders of record on August 24, 2012 was 1,980.

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

On May 8, 2009, the Company issued 42,783 shares of common stock from its treasury shares to the former owners of IR International, which was acquired by Standex in 2003. The shares, along with a cash payment of $3.6 million, were issued upon the receipt of a Certificate of Satisfactory Completion of Remediation from the Virginia Department of Environmental Quality for the Company s Richmond, Virginia, Engraving Group facility, which was a contingent requirement of the acquisition whereby Standex purchased the facility. An exemption from registration of the shares was claimed under Regulation D, Rule 506 of the Securities Act. The exemption applied because there were fewer than 35 purchasers, each purchaser was an accredited investor and the transaction did not involve a public offering.

Issuer Purchases of Equity Securities (1)

Quarter Ended June 30, 2012

Period	**(a) Total Number of Shares (or units) Purchased**	**(b) Average Price Paid per Share (or unit)**	**(c) Total Number of Shares (or units) Purchased as Part of Publicly Announced Plans or Programs**	**(d) Maximum Number (or Appropriate Dollar Value) of Shares (or units) that May Yet Be Purchased Under the Plans or Programs**
April 1, 2012 -				

April 30, 2012	9,539	$41.06	9,539	319,758
May 1, 2012 - May 31, 2012	15,846	$43.62	15,846	303,912
June 1, 2012 - June 30, 2012	213	$42.55	213	303,699
TOTAL	25,598	$42.66	25,598	303,699

[1]The Company has a Stock Buyback Program (the Program) which was originally announced on January 30, 1985. Under the Program, the Company may repurchase its shares from time to time, either in the open market or through private transactions, whenever it appears prudent to do so. On December 15, 2003, the Company authorized an additional 1 million shares for repurchase pursuant to its Program. The Program has no expiration date, and the Company from time to time may authorize additional increases of 1 million share increments for buyback authority so as to maintain the Program.

The following graph compares the cumulative total stockholder return on the Company s Common Stock as of the end of each of the last five fiscal years, with the cumulative total stockholder return on the Standard & Poor s Small Cap 600 (Industrial Segment) Index and on the Russell 2000 Index, assuming an investment of $100 in each at their closing prices on June 30, 2007 and the reinvestment of all dividends.

Item 6. Selected Consolidated Financial Data

Selected financial data for the five years ended June 30, 2012 is as follows:

See Item 7 for discussions on comparability of the below.

	2012	2011	2010	2009	2008
SUMMARY OF OPERATIONS (in thousands)					
Net sales					
Food Service Equipment	$388,813	$365,523	$337,578	$350,358	$381,254
Engraving	93,611	85,258	77,372	77,311	92,167
Engineering Technologies	74,088	61,063	58,732	51,693	51,615
Electronics Products Group	48,206	46,600	37,201	37,933	49,013
Hydraulics Products Group	29,922	22,925	16,598	23,257	35,054
Corporate and Other	--	--	--	--	103
Total	$634,640	$581,369	$527,481	$540,552	$609,206
Gross profit	$208,484	$191,538	$174,976	$161,621	$185,970
Operating income (loss)					
Food Service Equipment (a)	$39,613	$37,915	$39,682	$9,900	$31,460
Engraving	17,896	14,182	9,395	7,028	9,611
Engineering Technologies	14,305	12,606	13,843	8,667	9,770
Electronics Products Group	8,715	7,551	4,074	2,875	3,513
Hydraulics Products Group	4,403	2,436	963	747	4,712
Restructuring (b)	(1,685)	(1,843)	(3,494)	(2,872)	(590)
Gain on sale of real estate	4,776	3,368	1,405	--	--
Corporate	(23,443)	(20,959)	(20,137)	(16,070)	(19,207)
Total	$64,580	$55,256	$45,731	$10,275	$39,269
Interest expense	(2,280)	(2,107)	(3,624)	(6,532)	(9,510)
Other non-operating (loss) income	519	(201)	749	205	307
Provision for income taxes	(15,912)	(14,922)	(12,504)	(2,946)	(10,706)
Income from continuing operations	46,907	38,026	30,352	1,002	19,360
Income/(loss) from discontinued operations	(16,002)	(2,659)	(1,653)	(6,407)	(850)
Net income	$30,905	$35,367	$28,699	($5,405)	$18,510

(a)

Includes $21.3 million of impairment of goodwill and intangible assets during 2009.

(b)

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

PER SHARE DATA					
Basic					
Income from continuing operations	$3.75	$3.05	$2.44	$0.08	$1.58
Income/(loss) from discontinued operations	(1.28)	(0.22)	(0.13)	(0.52)	(0.07)
Total	$2.47	$2.83	$2.31	($0.44)	$1.51
Diluted					
Income from continuing operations	$3.67	$2.98	$2.39	$0.08	$1.56
Income/(loss) from discontinued operations	(1.25)	(0.21)	(0.13)	(0.52)	(0.07)
Total	$2.42	$2.77	$2.26	($0.44)	$1.49
Dividends paid	$0.27	$0.23	$0.20	$0.68	$0.84

	2012	**2011**	**2010**	**2009**	**2008**
BALANCE SHEET (in thousands)					
Total assets	$479,811	$474,905	$446,279	$433,709	$523,034
Accounts receivable	99,432	95,716	86,475	76,083	93,415
Inventories	73,076	74,805	58,298	61,277	78,457

Accounts payable	62,113	68,205	50,237	48,977	62,466
Goodwill (a)	100,633	102,439	87,870	86,789	105,717
Short-term debt	$ --	$5,100	$ --	$ --	$28,579
Long-term debt	50,000	46,500	93,300	94,300	106,086
Total debt	50,000	51,600	93,300	94,300	134,665
Less cash	54,749	14,407	33,630	8,984	28,657
Net debt	(4,749)	37,193	59,670	85,316	106,008
Stockholders' equity	242,907	245,613	192,063	176,286	223,158
KEY STATISTICS	**2012**	**2011**	**2010**	**2009**	**2008**
Gross profit margin	32.9%	32.9%	33.2%	29.9%	30.5%
Operating income margin (a)	10.2%	9.5%	8.7%	1.9%	6.4%

(a) Includes $21.3 million of impairment of goodwill and intangible assets during 2009.

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

Overview

We are a leading manufacturer of a variety of products and services for diverse commercial and industrial market segments. We have five reportable segments: Food Service Equipment Group, Engraving Group, Engineering Technologies Group, Electronics Products Group, and the Hydraulics Products Group. Our ongoing Focused Diversity strategy is to deliver superior returns and greater shareholder value through the identification of and investment in businesses that provide value-added and technology-driven customer solutions.

As part of this ongoing strategy, in December 2011, the Company decided to divest its Air Distribution Products (ADP) business unit, which was previously reported as a stand-alone segment. We determined that as a more commodity-like product, ADP was not well aligned with our strategic objectives. On March 30, 2012, we completed the sale of ADP to a private equity buyer for consideration of $13.1 million in cash and a $3.0 million secured note in anticipation of using the proceeds from the sale to further implement our Focused Diversity strategy. Subsequent to year-end, we executed on this plan by acquiring Meder Electronic Group (Meder), an investment which will substantially broaden our global footprint, product line offerings, and end-user markets in the Electronics Products segment.

Since the beginning of the 2008 macroeconomic recession, we have reduced our cost structure through company-wide and targeted headcount reductions, low cost manufacturing initiatives, plant consolidations, procurement savings, and improved productivity in all aspects of our operations. Also, in light of commodity inflation that a number of our business units have experienced, we have initiated a number of price increases in the marketplace in order to at least partially offset these cost increases and improve profitability. These efforts have allowed the Company to significantly improve margins since 2008 and improve profitability despite sales only recently returning to above their pre-recession peak. In addition to the focus on improving our cost structure, we continue to focus on the Company s liquidity through improved working capital management, the sale of excess land and buildings, and the disposal of ADP. We ended 2012 in a net cash position, as our net debt to capital ratio at June 30, 2012 was (2.0%). This additional liquidity to pursue acquisitive growth initiatives is evidenced by the four strategic acquisitions during 2011 and the acquisition of Meder in 2013.

We also continue to concentrate our attention on driving market share gains in what we expect will be a highly competitive, low-growth environment in our end-user markets. Each of our business units has developed a series of top-line initiatives that we believe will provide opportunities for market share gains, which should supplement future economic growth in our markets. These growth initiatives include new product introductions, expansion of product offerings through private labeling and sourcing agreements, geographic expansion of sales coverage and the use of new sales channels, leveraging strategic customer relationships, development of energy efficient products, new applications for existing products and technology, and next generation products and services for our end-user markets.

As we advance our strategy in 2013, we expect to face a few headwinds including a soft European economy, negative year over year foreign exchange comparisons, and increased expense associated with our legacy defined benefit pension plan in the U.S. At the same time, our ongoing efforts to implement Focused Diversity position us well to offset the effect that these factors may have on our results.

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

We monitor a number of key performance indicators (KPIs) including net sales, income from operations, backlog, effective income tax rate, and gross profit margin. A discussion of these KPIs is included within the discussion below. We may also supplement the discussion of these KPIs by identifying the impact of foreign exchange rates, acquisitions, and other significant items when they have a material impact on the discussed KPI. We believe that the discussion of these items provides enhanced information to investors by disclosing their consequence on the overall trend in order to provide a clearer comparative view of the KPI where applicable. For discussion of the impact of foreign exchange rates on KPIs, the Company calculates the impact as the difference between the current period KPI calculated at the current period exchange rate as compared to the KPI calculated at the historical exchange rate for the prior period. For discussion of the impact of acquisitions, we isolate the effect to the KPI amount that would have existed regardless of our acquisition. Sales resulting from synergies between the acquisition and existing operations of the Company are considered organic growth for the purposes of our discussion.

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

Consolidated Results from Continuing Operations (in thousands):

	2012	**2011**	**2010**
Net sales	$634,640	$581,369	$527,481
Gross profit margin	32.9%	32.9%	33.2%
Restructuring costs	$1,685	$1,843	$3,494
Gain on sale of real estate	$4,776	$3,368	$1,405
Income from operations	$64,580	$55,256	$45,731
Backlog (realizable within 1 year)	$119,691	$103,692	$98,571

<u>Net Sales</u>

	2012	**2011**	**2010**
Net sales, as reported	$634,640	$581,369	$527,481
Components of change in sales:			
Effect of acquisitions	$14,117	$9,852	--
Effect of exchange rates	($888)	$1,602	$1,950
Organic sales growth (decline)	$40,042	$42,434	($15,021)

Net sales in 2012 increased $53.3 million, or 9.2%, from 2011 levels. Of the increase, $40.0 million, or 6.9% was attributable to organic growth, as organic sales increased across all of our segments as a result of both improvements in end-user markets and the success of our top-line growth efforts. Also factoring in our growth was an increase of $14.1 million, or 2.4%, resulting from our four acquisitions completed during 2011. Unfavorable foreign exchange accounted for $0.9 million against our year-over-year gains.

Net sales in 2011 increased $53.9 million, or 10.2%, from 2010 levels. Of the increase, $42.4 million, or 8.0% was attributable to organic growth, as organic sales increased across all of our segments except Engineering Technologies, which demonstrated historically lumpy revenues and had a difficult prior year comparison due to several large project deliveries in 2010. The increases in our other segments are a result of both improvements in end-user markets and the success of our top-line growth efforts. Also factoring in our growth was an increase of $9.9 million, or 1.9%, resulting from our four acquisitions completed during the year. Favorable foreign exchange accounted for the remaining $1.6 million, or 0.3% of revenue increase.

Gross Profit Margin

During 2012, our gross margin was flat at 32.9% as compared to 2011, as lower gross margin in the Food Service Equipment

Group offset increases across our other segments.

During 2011, our gross margin was slightly down at 32.9% as compared to 33.2% in 2010. In 2011, our cost of sales included $0.7 million of purchase accounting-related expenses during the year.

Income from Operations

Income from operations during 2012 increased $9.3 million, or 16.9% compared to 2011. This increase was driven by strong performances by the Engraving, Electronics Products, and Hydraulics Products Groups. The Engraving Group benefitted from a second consecutive record year of automotive platform work, while the Electronics Products and Hydraulics Products Groups continue to demonstrate the impact of prior cost reductions combined with end-user market recovery and entry into new markets and applications. Additionally, the Engineering Technologies Group was bolstered by the acquisition of Metal Spinners impacting the full year.

Income from operations during 2011 increased $9.5 million, or 20.8% compared to 2010. The increase was due to improvements in both the Engraving and Electronics and Hydraulics Groups. In the Engraving Group, increased volume and previous cost reduction efforts were augmented by a favorable mix of automotive platform work. Driving the increase as well were the Electronics Products and Hydraulics Products Groups, which also benefitted from increased volume combined with the impact of previous cost reduction efforts.

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

Income Taxes

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2012 was $15.9 million, or an effective rate of 25.3%, compared to $14.9 million, or an effective rate of 28.2% for the year ended June 30, 2011, and $12.5 million, or an effective rate of 29.2% for the year ended June 30, 2010. Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, the amount of the Company's income or loss, the mix of income earned in the US versus outside the US, the effective tax rate in each of the countries in which we earn income, and any one time tax issues which occur during the period. In 2013, we expect to return to a more normal tax rate in the range of 29.0% to 30.0% based on an anticipated increase in US-based taxable income within our overall business mix.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2012 was impacted by the following items: (i)) a benefit of $1.3 million from the reversal of income tax contingency reserves that were determined to be no longer needed due to the lapsing of the statute of limitations and re-measurement of existing tax contingency reserves based on recently completed tax examinations, (ii) a benefit of $0.4 million related to a decrease in the statutory tax rate in the United Kingdom on prior period deferred tax liabilities recorded during the first quarter, and (iii) a benefit of $4.5 million due to the mix of income earned in jurisdictions with beneficial tax rates.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2011 was impacted by the following items: (i) a benefit of $0.3 million from the reversal of income tax contingency reserves that were determined to be no longer needed due to the expiration of applicable limitation statutes, (ii) a benefit of $0.2 million related primarily to the retroactive extension of the R&D credit recorded during the second quarter, and (iii) a benefit totaling $0.3 million as part of the deferred tax provision related to a change in the estimated state rate used to calculate the deferred balances.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2010 was impacted by a benefit of $1.1 million from the reversal of a deferred tax asset valuation allowance. This allowance was primarily related to foreign loss carry forwards whose recovery was assessed as more likely than not based on events occurring during the year ended June 30, 2010.

Capital Expenditures

In general, our capital expenditures over the longer term are expected to be approximately equivalent to our annual depreciation costs. In 2012, capital expenditures of $8.6 million began shifting back to our historical trend as we made strategic investments which supported productivity improvements, geographic expansion, and development of new product offerings. In 2011, capital expenditures of $7.0 million were below our annual depreciation of $10.9 million, as we chose to focus our spending on acquisitions in lieu of capital expenditures.

Backlog

Backlog at June 30, 2012 increased $16.0 million from $103.7 million to $119.7 million when compared to fiscal 2011, a 15.4% increase. Backlog was approximately flat for the Hydraulics Products Group, with our other segments all showing double-digit increases year-over-year. The Food Service Equipment and Engraving Groups were the strongest drivers, with increases of 19% and 23.5%, respectively.

Segment Analysis (in thousands)

Food Service Equipment

	2012 compared to 2011			**2011 compared to 2010**		
			%			**%**
	2012	**2011**	**Change**	**2011**	**2010**	**Change**
Net sales	$388,813	$365,523	6.4%	$365,523	$337,578	8.3%
Income from operations	39,613	37,915	4.5%	37,915	39,682	-4.5%
Operating income margin	10.2%	10.4%		10.4%	11.8%	

Net sales for the year ended June 30, 2012 increased $23.3 million, or 6.4%, from the same period one year earlier. This includes a minor negative effect of foreign exchange rates of $0.1 million in sales. The Refrigerated Solutions (walk-in coolers and freezers and refrigerated cabinets) and Cooking Solutions groups grew approximately 6.3% and 4.1% year over year, respectively, while the other Food Service Equipment businesses grew net sales by 9.1%. The Refrigeration business continues to see strong sales across the board to our quick-service restaurant chain customers, and we are seeing continued traction in the dollar store segment where we are growing market share and the customer base. From a product standpoint, we continue to see double-digit growth in our value line products and rack refrigeration systems. Sales in Cooking Solutions were driven by US business at BKI, whereas AAI was negatively impacted by lower sales to major quick service chains and lower sales to UK retail accounts due to the macroeconomic conditions impacting that market. Our equity investment and distribution agreement with Giorik SpA, an Italian manufacturer of combi ovens, was well received at the two spring trade shows, and we are working with our customer base in both the US and UK to complete required customer testing and evaluation. We expect to see the benefits of this strategic alliance in the second half of 2013.

Income from operations for fiscal 2012 increased $1.7 million, or 4.5%, when compared to the same period one year earlier. This includes the minor negative effect of foreign exchange rates of $0.1 million. The Group s return on sales decreased from 10.4% to 10.2% in the prior year. The positive impact of the year over year volume increase was partially offset by a combination of reduced volume, adverse product and channel mix changes, coupled with higher commodity prices earlier in the year and increased warranty costs at Cooking Solutions. Additionally, productivity was negatively impacted by the integration of Kool Star product lines into our Master-Bilt facility in Mississippi, and the integration of Tri-Star manufacturing operations into our Nogales, Mexico facility. However, these issues were largely corrected at the end of the fourth quarter. In response to these margin challenges, the Group has implemented price increases and multiple productivity improvement actions, including freight and metal cost reduction efforts.

Net sales for the year ended June 30, 2011 increased $27.9 million, or 8.3%, from the same period one year earlier, 7.2% of which resulted from organic growth. The acquisition of Tri-Star contributed approximately 1.1% of the increase in sales. The Refrigerated Solutions (walk-in cooler and refrigerated cabinets) and Cooking Solutions groups grew approximately 6.6% and 7.8% year over year, respectively, while the Custom Solutions group grew net sales 13.3%.

Income from operations for fiscal 2011 decreased $1.8 million, or 4.5%, when compared to 2010. The positive impact of the year over year volume increase, cost reductions due to facility consolidations, supply chain cost reductions and labor productivity increases was overcome by a combination of negative product and channel mix resulting in lower margin sales, pricing pressures, and increased commodities prices..

Engraving

	2012 compared to 2011			**2011 compared to 2010**		
	2012	**2011**	**% Change**	**2011**	**2010**	**% Change**
Net sales	$ 93,611	$ 85,258	9.8%	$ 85,258	$ 77,372	10.2%
Income from operations	17,896	14,182	26.2%	14,182	9,395	51.0%
Operating income margin	19.1%	16.6%		16.6%	12.1%	

Net sales in the Engraving Group increased $8.4 million, or 9.8%, from 2011 levels at $93.6 million compared to $85.3 million in the prior year. Foreign exchange had an unfavorable impact on sales of $0.9 million in fiscal year 2012. Our mold texturizing businesses continued to demonstrate strong top line growth on a global basis due to the release of new automotive programs, which also created an improved product mix due to their generally higher margins. We expect this trend to slow slightly in 2013 based on currently anticipated program work and the effect of currency translation in Europe. However, we will continue to grow this business via expansion into emerging markets including China, India, Korea and Brazil, where we expect strong growth in the automotive and non-automotive markets for mold texturizing. We believe that our global infrastructure and proximity to our customers, as well as our technology and responsiveness to automotive OEM customers needs, will allow us to remain the number one choice for their texturing services. Our roll plate and machinery equipment sales continued to experience a soft market due to lower capital spending budgets at our customers, however, quotation activity increased in the fourth quarter

Income from operations increased by $3.7 million, or 26.2%, when compared to 2011. We have demonstrated our ability to favorably leverage sales growth as we expand the use of lean enterprise techniques. We also continued to develop and globalize market leading technology in order to further improve profitability. Going into 2013, we will be moving our Brazil facility into a leased building better suited to our operational needs and cost structure, which will result in a restructuring charge during the first quarter of the year.

Net sales in 2011 increased 10.2% from 2010 levels at $85.3 million compared to $77.4 million in 2010. Foreign exchange had a favorable impact on sales of $1.1 million during the year. Our mold texturizing businesses continued to strengthen based on the release of new automotive programs, which also created an improved product mix due to their generally higher margins. Our roll plate and machinery equipment sales continued to experience a soft market due to lower capital spending budgets at our customers.

Income from operations in 2011 increased by $4.8 million, or 51.0%, when compared to 2010. Restructuring of the business and significant cost reduction efforts implemented in 2009, as well as headcount reductions in our European operations in 2010, were significant in the improvement of operating income year over year. With our new lower cost structure and focus on growth, we demonstrated our ability to improve income from operations on flat sales in 2010. In 2011, we demonstrated that we had favorably leveraged sales growth and further improved our operating performance.

Engineering Technologies

	2012 compared to 2011			**2011 compared to 2010**		
	2012	**2011**	**% Change**	**2011**	**2010**	**% Change**
Net sales	$ 74,088	$ 61,063	21.3%	$ 61,063	$ 58,732	4.0%
Income from operations	14,305	12,606	13.5%	12,606	13,843	-8.9%
	19.3%	20.6%		20.6%	23.6%	

Operating income
margin

Net sales in the fiscal year increased $13.0 million or 21.3%, when compared to the prior year. The increase is a result of the acquisition of Metal Spinners Group. Negative organic growth of 11.3% occurred in our legacy businesses as increases in the Aerospace segment at Spincraft were more than offset by declines in the Energy, Aviation and the Defense markets. As expected, the Energy business was down significantly year-over-year as one of our major customers implemented an inventory correction program. The Aerospace segment increased from prior year levels due to strong demand for unmanned vehicles. The Defense sector was down primarily due to order phasing and a difficult prior year comparison, but we expect this sector to improve in 2013. At Metal Spinners, Oil & Gas business will be soft in the first half of 2013, but we expect it to return to 2012 levels for all of calendar year 2013 based on forecasted demand.

For the fiscal year ending June 30, 2012, income from operations increased $1.7 million, or 13.5%, when compared to the prior year. This increase was driven by the acquisition of Metal Spinners. The improvement from Metal Spinners was offset by the impact of reduced sales volume at Spincraft.

Net sales in 2011 increased $2.3 million or 4.0%, when compared to 2010. The increase is a result of the acquisition of Metal Spinners Group, which increased sales 9.0%. Negative organic growth of 5.1% occurred as increases in the Aviation and Defense segments at Spincraft were more than offset by declines in the Energy and Aerospace markets.

For the fiscal year ending June 30, 2011, income from operations decreased $1.2 million, or 8.9%, when compared to 2010. This decrease was driven by the energy and aerospace sales volume reductions at Spincraft and the effect of $0.8 million of purchase accounting and other acquisition-related costs from the Metal Spinners acquisition.

Electronics Products

	2012 compared to 2011			2011 compared to 2010		
	2012	2011	% Change	2011	2010	% Change
Net sales	$ 48,206	$ 46,600	3.4%	$ 46,600	$ 37,201	25.3%
Income from operations	8,715	7,551	15.4%	7,551	4,074	85.3%
Operating income margin	18.1%	16.2%		16.2%	11.0%	

Electronics Products sales increased $1.6 million, or 3.4% in 2012 when compared to the prior year. Sales growth was negatively impacted during the first three quarters of 2012 as we experienced soft demand for reed switches, particularly in the Asia Pacific region, and soft demand from a number of larger OEM accounts for sensors and magnetic products. However, sales strengthened significantly in the fourth quarter as we benefited from a number of new products and customer project launches within the automotive, appliance, medical, and HVAC sensor and magnetic markets and strengthening demand for reed switches. This pipeline of new programs remains robust and is expected to contribute to solid top line growth in 2013. Additionally, 2013 will see the impact of the Meder acquisition, which will add complementary geographic regions, products, markets, and sales.

Income from operations in 2012 increased $1.2 million, or 15.4%, compared to 2011. The year over year improvement was the result of the sales increase as well as the impact of various material and labor cost savings particularly within the North American businesses. The higher sales level and the various cost reduction initiatives drove operating income margin from 16.2 % in 2011 to 18.1% for 2012. While the purchase accounting from Meder will negatively impact the first quarter, we expect the acquisition to be accretive to the year in the range of $0.08 to $0.12 per diluted share.

Sales for the Group increased $9.4 million, or 25.3%, in 2011 when compared to 2010. This increase is due to improved market conditions in our end user markets and market share gains resulting from our top line organic growth initiatives. We moved into new regions, products, and markets by adding new internal and third-party sales representatives in the United States, Europe and Asia. We remain in a unique position relative to our competition, as we are able to provide engineering expertise on a global basis combined with the low cost manufacturing from our facilities located in Mexico and China. Our North American-based competition typically cannot offer the same low cost manufacturing position and competitors located in China cannot provide the same level of new product and application engineering capability.

Income from operations during 2011 increased $3.5 million, or 85.3% compared to 2010 as improved pricing and productivity improvements allowed us to continue to leverage volume at our low-cost facilities in Mexico and China.

Hydraulics Products

	2012 compared to 2011			2011 compared to 2010		
	2012	2011	% Change	2011	2010	% Change
Net sales	$ 29,922	$ 22,925	30.5%	$ 22,925	$ 16,598	38.1%
Income from operations	4,403	2,436	80.7%	2,436	963	153.0%
Operating income margin	14.7%	10.6%		10.6%	5.8%	

Net sales in 2012 for the Hydraulics Products Group increased $7.0 million, or 30.5% when compared to 2011. Conditions in the North American dump trailer market continue to improve. Diversification into other markets has been a major contributor to the growth, as demonstrated by market share gains at several North American refuse market OEMs. The manufacturing facility in Tianjin, China has also been a factor in our top line growth, as this facility is now producing both rod and telescopic cylinders for global customers. The ability to offer our engineering expertise on a global basis combined with manufacturing locations in the United States and a low cost operation in China has allowed us to penetrate markets where we previously could not be competitive. Expansion of business geographically into areas such as Southeast Asia, Australia, Central America and South America is contributing to the increase outside of our historical focus on the North American market. We are currently adding capacity to our China facility in anticipation of continued growth from these markets.

Income from operations for 2012 increased $2.0 million or 80.7% when compared to 2011. This increase in annual income from operations can be attributed to leveraging the top line growth, cost containment and process and productivity improvements.

Sales for the Group in 2011 were $22.9 million, an increase of $6.3 million, or 38.1%, compared to 2010 sales of $16.6 million. Business in the domestic dump truck and dump trailer markets began to improve due to increases in coal mining, requirements for aggregate, and the replacement of aging equipment by municipalities. Our diversification efforts in the Chinese domestic market, the move into alternative markets such as oil & gas and refuse vehicles, as well as sales into Southeast Asia, Australia, Central America and South America, also contributed to the increase.

Income from operations in 2011 was $2.4 million, an increase of $1.5 million, or 153.0%, from 2010 income from operations of $1.0 million. The increase in sales during the period had a dramatic positive impact on income due to the impact of cost reduction initiatives taken in 2009.

Corporate, Restructuring and Other

	2012 compared to 2011			2011 compared to 2010		
	2012	2011	% Change	2011	2010	% Change
Income (loss) from operations:						
Corporate	$(23,443)	$(20,959)	11.9%	$(20,959)	$(20,137)	4.1%
Gain on sale of real estate	4,776	3,368	41.8%	3,368	1,405	139.7%
Restructuring	$ (1,685)	$ (1,843)	-8.6%	$ (1,843)	$ (3,494)	-47.3%

Corporate expenses in 2012 increased $2.5 million, or 11.9% as compared to 2011, driven primarily by increased management bonus and stock compensation expense related to exceeding performance targets for the year.

Corporate expenses in 2011 increased $0.8 million, or 4.1% as compared to 2010. During 2011, we incurred $1.0 million of expenses related to the four acquisitions during the year, including legal and administrative costs and investment banking fees.

The Company recorded a gain of $4.8 million during 2012 related to the sale of an Engraving Group facility in Sao Paolo, Brazil. We will be relocating the plant to a leased facility in an industrial park that is more suited to our operational needs and cost structure. In 2011, the Company recorded a gain of $3.4 million from the sale of an excess facility in Lyon, France, that was the site of a former Engraving Group operation.

Restructuring expenses reflect costs associated with the Company s efforts to continuously improve operational efficiency and expand globally in order to remain competitive in the end-user markets we serve. Each year the Company incurs costs for actions to size its businesses to a level appropriate for current economic conditions and to improve its cost structure to improve our competitive posture and to improve operating margins. Restructuring expenses result from numerous individual actions implemented across the Company s various operating divisions on an ongoing basis and include costs for moving facilities to low-cost locations, starting up plants after relocation, curtailing/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 and asset write-downs. In addition to the costs of moving fixed assets, start-up and moving costs include employee training and relocation. Vacant facility costs include maintenance, utilities, property taxes, and other costs.

During 2012 the Company incurred restructuring expense of $1.7 million. These expenses primarily related to the relocation of Tri-Star manufacturing operations to Nogales, Mexico, the consolidation of Kool Star into our Master-Bilt operations in Mississippi, and ongoing headcount reductions in our European Engraving operations.

During 2011 the Company incurred restructuring expense of $1.8 million. The majority of these expenses related to the continuation of two initiatives begun in 2010 the relocation of our Dallas Food Service Equipment Group manufacturing operations to Nogales, Mexico, and headcount reductions in our European Engraving operations. We also incurred additional expenses in the Food Service Equipment Group as we began integrating Tri-Star into our Nogales facility and consolidated customer service functions for the Cooking Solutions businesses.

The Company currently expects to incur between $1.5 and $2.5 million of restructuring expense in 2013, including the costs to complete actions initiated before the end of 2012 and actions anticipated to be approved and initiated during 2013.

Discontinued Operations

In December 2011, we decided to divest the ADP business unit. In connection with this decision, the Company adjusted the carrying value of ADP s assets to their net realizable value based on a range of expected sale prices. As a result, the Company recorded goodwill impairment charges of $14.9 million and impairment charges of $5.0 million to fixed assets. Charges taken in the second quarter included the aforementioned impairment and other transaction costs required to reflect the carrying value of ADP at its estimated net realizable value.

On March 30, 2012, we completed the sale of ADP to a private equity buyer for consideration of $16.1 million consisting of $13.1 million in cash and a $3.0 million note secured by first mortgages on three ADP facilities. During the quarter ended March 31, 2012, additional pre-tax charges of $2.6 million were taken in connection with the sale. These charges related primarily to the impairment of a non-cancellable lease liability that the buyer elected not to assume as part of the purchase.

During the fourth quarter of 2012, we sold the two ADP facilities retained by us in the transaction for a gain of $0.8 million.

In 2007, the Company sold substantially all the assets of the Berean Christian Stores (Berean) business. As the former owner of Berean, the Company is party under a number of operating leases which were assigned to the purchaser of the business for the remaining initial terms of the leases at the stated lease costs. The Company remained an obligor of these leases until the expiration of the initial terms. In June 2009, Berean filed for bankruptcy under Chapter 11 of the U.S. Bankruptcy Code and, in July 2009, its assets were sold to a third party under Section 363 of the Code. The new owner of the Berean assets has infused capital into the business, and we believe the Berean bookstores can now be operated successfully as a going concern. As part of this transaction, the Company agreed to provide lease supplement payments to the new owner of the Berean assets. The Company remained an obligor of the leases assumed by the new owner, however, our obligation was reduced for locations where the new owner was able to obtain rent concessions. In addition, the Company remains responsible for two sites formerly operated by Berean. Liabilities associated with these two leases, net of expected subleases at current market rates, total $0.2 million at June 30, 2012. The aggregate amount of our obligations in the event of default is $1.5 million at June 30, 2012.

During 2008, the Company entered into an Administrative Order of Consent with the U.S. Environmental Protection Agency (EPA) related to the removal of various PCB-contaminated materials and soils at a site where the Company leased a building and conducted operations from 1967-1979. Remediation efforts were substantially completed during the third quarter of 2009, and the Company received a closure letter from the EPA in the first half of 2010. The Company actively sought the recovery of costs incurred in carrying out the terms of the AOC through negotiations with its legacy insurers. In 2010, the Company reached a recovery settlement and recorded income of $2.5 million ($1.6 million net of tax), net of costs incurred to negotiate the settlement.

The following table summarizes the Company s discontinued operations activity, by operation, for the years ended June 30, 2012, 2011 and 2010 (in thousands):

	Year Disposed	2012	2011	2010
Sales:				
Air Distribution Products Group	2012	$ 43,537	$ 52,384	$ 50,974
Income (loss) before taxes:				
Air Distribution Products Group	2012	(24,871)	(2,841)	(3,458)
Berean Christian Bookstores	2007	(184)	(635)	(659)
Club Products and Monarch Aluminum	1982	(19)	--	2,291
Other loss from discontinued operations		(250)	(490)	(454)
Income (loss) before taxes from discontinued operations		$ (25,324)	$ (3,966)	$ (2,280)
(Provision) benefit for tax		9,322	1,307	627
Net income (loss) from discontinued operations		$ (16,002)	$ (2,659)	$ (1,653)

Liquidity and Capital Resources

Cash Flow

Cash flow from continuing operations for the year ended June 30, 2012 was $47.4 million, compared to $60.8 million for the same period in 2011. Items which positively impacted cash flow as compared to the prior year were an increase in net income from continuing operations of $8.9 million. The improvement was offset by an increase in working capital during the year of $3.9 million and contributions to defined benefit plans of $7.3 million, including a voluntary contribution of $6.0 million.

Investing activities from continuing operations consumed $7.4 million of cash during 2012, consisting primarily of $9.9 million for capital expenditures and $2.4 million in other investing activities. An additional $5.2 million of cash was generated from the aforementioned sale of real estate. $16.0 million of cash inflows were also realized from discontinued operations due to the sale of the ADP business and related real estate.

During the year ended June 30, 2012, we used $9.5 million of cash for financing activities. We reduced our funded debt by $1.6 million, paid dividends of $3.4 million, and repurchased $5.5 million of treasury stock during the year.

Capital Structure

On January 5, 2012, the Company entered into a five-year $225 million unsecured Revolving Credit Facility (Credit Agreement , or new facility), which can be increased by the Company by an amount of up to $100 million, in accordance with specified conditions contained in the agreement. The new facility also includes a $10 million sublimit for swing line loans and a $30 million sublimit for letters of credit. The new credit facility replaced the 2007 credit agreement, which was scheduled to mature in September 2012.

Under the terms of the Credit Agreement, we will pay a variable rate of interest and a commitment fee on available, but unused, amounts under the new facility. The amount of the commitment fee will depend upon both the undrawn amount remaining available under the new facility and the Company s funded debt to EBITDA (as defined in the agreement) ratio at particular points in time. As our funded debt to EBITDA ratio increases, the commitment fee will increase. Amounts borrowed under the new facility may be in the form of either Base Rate or Eurodollar Rate loans. The rate of interest on Base Rate loans shall be the higher of (i) the Federal Funds rate plus ½ of 1%, (ii) the prime rate announced by RBS Citizens, N. A. or (iii) the London interbank offered rate (LIBOR) plus ½ of 1% (the rate in effect shall be referred to as the Base Rate), plus an additional amount based upon the Company s debt to EBITDA ratio. The rate of interest on Eurodollar Rate loans shall be the LIBOR rate which corresponds to the interest period (either one, two, three or six months) selected by the Company, plus an additional amount based upon the Company s funded debt to EBITDA ratio. Swing Line loans shall bear interest at the Base Rate, plus an additional amount based upon the Company s funded debt to EBITDA ratio. As the Company s funded debt to EBITDA ratio increases, the additional amount will also increase.

The new facility expires in January 2017, and 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 Agreement), to interest expense for the trailing twelve months of at least 3:1. Adjusted EBIT per the Credit Agreement specifically excludes extraordinary and certain other defined items such as non-cash restructuring and acquisition-related charges up to $2.0 million, and goodwill impairment. At June 30, 2012, the Company s Interest Coverage Ratio was 27.3:1.

Leverage Ratio - The Company s ratio of funded debt to trailing twelve month Adjusted EBITDA per the credit agreement, calculated as Adjusted EBIT per the Credit Agreement plus Depreciation and Amortization, may not exceed 3.5:1. At June 30, 2012, the Company s Leverage Ratio was 0.79:1.

As of June 30, 2012, we had borrowings under the new facility of $50.0 million. As of June 30, 2012, the effective rate of interest for outstanding borrowings under the new facility was 3.67%. We also utilize an uncommitted money market credit facility to help manage daily working capital needs. The amount outstanding under this facility was $0 and $1.8 million at June 30, 2012 and 2011, respectively.

Funds borrowed under the new 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.

Our primary cash requirements in addition to day-to-day operating needs include interest payments, capital expenditures, and dividends. Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the new facility. We expect to spend between $13.0 and $16.0 million on capital expenditures during 2013, and expect that depreciation and amortization expense will be between $12.0 and $13.0 million and $4.0 and $4.5 million, respectively.

In order to manage our interest rate exposure, we are party to $50.0 million of floating to fixed rate swaps. These swaps convert our interest payments from LIBOR to a weighted average rate of 2.29%.

The following table sets forth our capitalization at June 30:

Year Ended June 30 *(in thousands)*:	**2012**	**2011**
Short-term debt	$ --	$1,800
Current portion of long-term debt	--	3,300
Long-term debt	50,000	46,500
Total debt	50,000	51,600
Less cash	54,749	14,407
Net (cash) debt	(4,749)	37,193
Stockholders equity	242,907	245,613
Total capitalization	$238,158	$282,806

Stockholders equity decreased year over year primarily as a result of changes in unrealized pension losses of $21.6 million. Also affecting equity were net income of $30.9 million, dividends of $3.5 million, unfavorable foreign currency movements of $7.8 million, and changes in the fair value of derivative instruments of $0.7 million. The remaining changes are attributable to treasury stock activity, offset by the additional paid in capital increases associated with stock-based compensation in the current year. The Company's net (cash) debt to capital percentage improved from 13.2% to -2.0% in 2012 due to continued debt reduction, the contribution of current year net income to retained earnings, and the aforementioned changes to accumulated other comprehensive income.

We sponsor a number of defined benefit and defined contribution retirement plans. The Company s pension plan for U.S. salaried employees was frozen as of December 31, 2007. Participants in the U.S. salaried pension and supplemental defined benefit plans no longer accrue future benefits. The fair value of the Company's U.S. pension plan assets was $198.7 million at June 30, 2012 and the projected benefit obligation in the U.S. was $245.2 million at that time. During 2012, we made a voluntary contribution of $6.0 million to the plan. In June 2012, the Moving Ahead for Progress in the 21st Century (MAP 21) bill was signed into law. Based on changes in pension funding provisions under MAP 21, we made an additional $3.25 million contribution subsequent to June 30 due to its favorable treatment under the bill and retroactive treatment under the Pension Protection Act (PPA). As a result of this additional contribution in conjunction with the voluntary contribution made in 2012, the plan is 100% funded under PPA rules, and we do not expect to make mandatory contributions to the plan until 2016. We do not expect contributions to our other defined benefit plans to be material in 2013.

We have evaluated the current and long-term cash requirements of our defined benefit and defined contribution plans as of June 30, 2012. Our operating cash flows from continuing operations and available liquidity are expected to be sufficient to cover required contributions under ERISA and other governing regulations.

We have an insurance program for certain retired key executives. The underlying policies have a cash surrender value of $19.1 million and are reported net of loans of $11.1 million for which we have the legal right of offset. These policies have been purchased to fund supplemental retirement income benefits. The aggregate present value of future obligations was $0.2 million and $0.6 million at June 30, 2012 and 2011, respectively. During 2012, the Company withdrew $0.2 million of excess funding from these policies with no related tax consequences.

Contractual obligations of the Company as of June 30, 2012 are as follows (in thousands):

		Payments Due by Period			
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Long-term debt obligations	$50,000	$0	$0	$50,000	$0
Operating lease obligations	22,335	5,473	7,562	4,723	4,577
Estimated interest payments [1]	5,909	1,644	3,092	1,173	--
Post-retirement benefit payments [2]	2,002	136	267	255	1,344
Total	$80,246	$7,253	$10,921	$56,151	$5,921

1 Estimated interest payments are based upon effective interest rates as of June 30, 2012, and include the impact of interest rate swaps. See Item 7A for further discussions surrounding interest rate exposure on our variable rate borrowings.

2 Post-retirement benefit payments are based upon current benefit payment levels.

At June 30, 2012, we had $0.8 million of non-current liabilities for uncertain tax positions. We are not able to provide a reasonable estimate of the timing of future payments related to these obligations.

Off Balance Sheet Items

In March 2012, the Company sold substantially all of the assets of the ADP business. In connection with the divestiture, the Company remained the lessee of ADP s Philadelphia, PA facility and administrative offices, with the purchaser subleasing a fractional portion of the building at current market rates. In connection with the transaction, the Company recognized a lease impairment charge of $2.3 million for the remaining rental expense. The Company s aggregate obligation with respect to the lease is $2.9 million, of which $2.2 million was recorded as a liability at June 30, 2012. Additionally, the Company remained an obligor on an additional facility lease that was assumed in full by the buyer, for which our aggregate obligation in the event of default by the buyer is $1.2 million. With the exception of the impaired portion of the Philadelphia lease, the Company does not expect to make any payments with respect to these obligations. The buyer s obligations under the respective sublease and assumed lease are secured by a cross-default provision in the purchaser s promissory note for a portion of the purchase price which is secured by mortgages on the ADP real estate sold in the transaction.

In connection with the sale of the Berean Christian Bookstores completed in August 2006, we assigned all but one lease to the buyers. During June 2009, the Berean business filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. The Berean assets were subsequently resold under section 363 of the Code. The new owners of the Berean business have negotiated lower lease rates and extended lease terms at certain of the leased locations. We remain an obligor on these leases, but at the renegotiated rates and to the original term of the leases. The aggregate amount of our obligations in the event of default is $1.5 million at June 30, 2012, of which $1.3 million is not recorded on our balance sheet as a liability based on management s assessment of the likelihood of loss.

We had no other material off balance sheet items at June 30, 2012, other than the operating leases summarized above.

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.

Foreign Currency Translation Our primary functional currencies used by our non-U.S. subsidiaries are the Euro, British Pound Sterling (Pound), Mexican Peso, and Chinese Yuan. During the current year, the Pound Sterling, Peso, and Euro have experienced decreases in value relative to the U.S. Dollar, our reporting currency. Since June 30, 2011 the Euro has depreciated by 12.7%, the Pound has depreciated by 2.2%, and the Peso has depreciated by 13.4% (all relative to the U.S. Dollar). These lower exchange values were used in translating the appropriate non-U.S. subsidiaries balance sheets into U.S. Dollars at the end of the current year.

Defined Benefit Pension Plans We record expenses related to these plans based upon various actuarial assumptions such as discount rates and assumed rates of returns. Based on current assumptions, we are projecting an increase of $2.6 million, or $0.13 per share, of additional expense related to our legacy U.S. plan in 2013 and compared to 2012.

Environmental Matters During 2008, the Company entered into an Administrative Order of Consent with the U.S. Environmental Protection Agency related to the removal of various PCB-contaminated materials and soils at a site where the Company leased a building and conducted operations from 1967-1979. See the notes to our consolidated financial statements for further information regarding this event.

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

Employee Relations The Company has labor agreements with a number of union locals in the United States and a number of European employees belong to European trade unions. We renegotiated three union contracts during 2012, and in each case reached an agreement. There are no union contracts expiring during 2013. The company maintains good working relations with all of its unions, however, there can be no guarantee that agreements can be reached in future negotiations.

Critical Accounting Policies

The Consolidated Financial Statements include accounts of the Company and all of our subsidiaries. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Consolidated Financial Statements. Although we believe that materially different amounts would not be reported due to the accounting policies described below, the application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. We have listed a number of accounting policies which we believe to be the most critical.

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

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

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

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

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

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

Our annual impairment testing at each reporting unit relied on assumptions surrounding general market conditions, short-term growth rates, and a terminal growth rate of 2.5%, and detailed management forecasts of future cash flows prepared by the relevant reporting unit. Fair values were determined primarily by discounting estimated future cash flows at a weighted average cost of capital of 9.97%. An increase in the weighted average cost of capital of approximately 350 basis points in the analysis would not result in the identification of any impairments.

While we believe that our estimates of future cash flows are reasonable, changes in assumptions could significantly affect our valuations and result in impairments in the future. The most significant assumption involved in the Company s determination of fair value is the cash flow projections of each reporting unit. Certain of our reporting units have been significantly impacted by the current global economic downturn, and if the effects of the current global economic environment are protracted or the recovery is slower than we have projected estimates of future cash flows for each reporting unit may be insufficient to support the carrying value of the reporting units, requiring the Company to re-assess its conclusions related to fair value and the recoverability of goodwill.

As a result of our annual assessment, the Company determined that the fair value of the reporting units and indefinite-lived intangible assets exceeded their respective carrying values. Therefore, no impairment charges were recorded in connection with our assessments during 2012 and 2011.

In connection with the divestiture of ADP, the Company determined that, based on the net realizable value of the business in the transaction, the goodwill of the ADP reporting unit was impaired. As such, the Company recognized $14.9 million in impairment charges in discontinued operations during the second quarter of 2012.

Cost of Employee Benefit Plans   We provide a range of benefits to our employees, including pensions and some postretirement benefits. We record expenses relating to these plans based upon various actuarial assumptions such as discount rates, assumed rates of return, compensation increases, turnover rates, and health care cost trends. The expected return on plan assets assumption of 8.1% in the U.S. is based on our expectation of the long-term average rate of return on assets in the pension funds and is reflective of the current and projected asset mix of the funds and considers the historical returns earned on the funds. We have analyzed the rates of return on assets used and determined that these rates are reasonable based on the plans historical performance relative to the overall markets as well as our current expectations for long-term rates of returns for our pension assets. The U.S. discount rate of 4.6% reflects the current rate at which pension liabilities could be effectively settled at the end of the year. The discount rate is determined by matching our expected benefit payments from a stream of AA- or higher bonds available in the marketplace, adjusted to eliminate the effects of call provisions. We review our actuarial assumptions, including discount rate and expected long-term rate of return on plan assets, on at least an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. Based on information provided by our actuaries and other relevant sources, we believe that our assumptions are reasonable.

The cost of employee benefit plans includes the selection of assumptions noted above. A twenty-five basis point change in the expected return on plan assets assumptions, holding our discount rate and other assumptions constant, would increase or decrease pension expense by approximately $0.5 million per year. A twenty-five basis point basis point change in our discount rate, holding all other assumptions constant, would increase or decrease pension expense by approximately $0.3 million annually. See the Notes to the Consolidated Financial Statements for further information regarding pension plans.

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

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

Recently Issued Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board ("FASB") issued amended accounting guidance for goodwill in order to simplify how companies test goodwill for impairment. The amendments permit a company to first assess the qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. If, after assessing the totality of events or circumstances, a company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. We do not expect the adoption of this accounting pronouncement to have a material effect on our financial statements when implemented.

In June 2011, the FASB issued an amendment to the accounting guidance for presentation of comprehensive income. Under the amended guidance, a company may present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In either case, a company is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. Regardless of choice in presentation, of which we are currently evaluating, a company is required to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. In December 2011, the FASB delayed indefinitely the portion of the guidance related to the presentation of reclassification adjustments in the income statement. For public companies, these amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and shall be applied retrospectively. Early adoption is permitted. Other than a change in presentation, the implementation of this accounting pronouncement is not expected to have a material impact on our financial statements when implemented.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

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

Exchange Risk

We are exposed to both transactional risk and translation risk associated with exchange rates. The transactional risk is mitigated, in large part, by natural hedges developed with locally denominated debt service on intercompany accounts. We also mitigate certain of our foreign currency exchange rate risks by entering into forward foreign currency contracts from time to time. The contracts are used as a hedge against anticipated foreign cash flows, such as dividend payments, loan payments, and materials purchases, and are not used for trading or speculative purposes. The fair values of the forward foreign currency exchange contracts are sensitive to changes in foreign currency exchange rates, as an adverse change in foreign currency exchange rates from market rates would decrease the fair value of the contracts. However, any such losses or gains would generally be offset by corresponding gains and losses, respectively, on the related hedged asset or liability. At June 30, 2012 and 2011, the fair value, in the aggregate, of the Company s open foreign exchange contracts was not material.

Our primary translation risk is with the Euro, British Pound Sterling, and Chinese Yuan. A hypothetical 10% appreciation or depreciation of the value of any these foreign currencies to the U.S. Dollar at June 30, 2012, would not result in a material change in our operations, financial position, or cash flows. We do not hedge our translation risk. As a result, fluctuations in currency exchange rates can affect our stockholders equity.

Interest Rate

The Company s effective rate on variable-rate borrowings under the revolving credit agreement increased from 2.96% at June 30, 2011 to 3.67% at June 30, 2012. Our interest rate exposure is limited primarily to interest rate changes on our variable rate borrowings. From time to time, we will use interest rate swap agreements to modify our exposure to interest rate movements. We are currently entered into $50.0 million of floating to fixed rate swaps with terms ranging from two to five years. These swaps convert our interest payments from LIBOR to a weighted average rate of 2.29%. Due to the impact of the swaps, an increase in interest rates would not materially impact our annual interest expense at June 30, 2012.

Concentration of Credit Risk

We have a diversified customer base. As such, the risk associated with concentration of credit risk is inherently minimized. As of June 30, 2012, 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 and Electronics and Hydraulics Groups are all sensitive to price increases for steel products, other metal commodities and petroleum based products. In the past year, we have experienced price fluctuations for a number of materials including steel, copper wire, other metal commodities, refrigeration components and foam insulation. These materials are some of the key elements in the products manufactured in these segments. Wherever possible, we will implement price increases to offset the impact of changing prices. The ultimate acceptance of these price increases, if implemented, will be impacted by our affected divisions respective competitors and the timing of their price increases.

Item 8. Financial Statements and Supplementary Data

Consolidated Balance Sheets

Standex International Corporation and Subsidiaries

As of June 30 (*in thousands, except share data*)		**2012**		**2011**
ASSETS				
Current assets:				
Cash and cash equivalents	$	54,749	$	14,407
Accounts receivable, net		99,432		95,716
Inventories		73,076		74,805
Prepaid expenses and other current assets		6,255		5,345
Income taxes receivable		3,568		-
Deferred tax asset		12,190		11,337
Current assets - discontinued operations		-		18,939
Total current assets		249,270		220,549
Property, plant, equipment, net		82,563		87,088
Intangible assets, net		19,818		22,554
Goodwill		100,633		102,439
Deferred tax asset		6,618		-
Other non-current assets		20,909		18,028
Non-current assets - discontinued operations		-		24,247
Total non-current assets		230,541		254,356
Total assets	$	479,811	$	474,905
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term debt	$	-	$	1,800
Current portion of long-term debt		-		3,300
Accounts payable		62,113		68,205
Accrued liabilities		51,124		43,825
Income taxes payable		3,548		3,404
		-		7,603

Current liabilities discontinued operations		
Total current liabilities	116,785	128,137
Long-term debt	50,000	46,500
Deferred income taxes	4,644	7,653
Pension obligations	53,550	27,815
Other non-current liabilities	11,925	12,707
Non-current liabilities - discontinued operations	-	6,480
Total non-current liabilities	120,119	101,155
Commitments and Contingencies (Notes 11 and 12)		
Stockholders' equity:		
Common stock, par value $1.50 per share -		
60,000,000 shares authorized, 27,984,278		
issued, 12,523,866 and 12,448,632 shares		
outstanding in 2012 and 2011	41,976	41,976
Additional paid-in capital	34,928	33,228

Retained earnings		505,163	477,726
Accumulated other comprehensive loss		(75,125)	(44,928)
Treasury shares (15,460,412 shares in 2012 and 15,535,646 shares in 2011)		(264,035)	(262,389)
Total stockholders' equity		242,907	245,613
Total liabilities and stockholders' equity	$	479,811	474,905

See notes to consolidated financial statements.

Consolidated Statements of Operations

Standex International Corporation and Subsidiaries

For the Years Ended June 30 (in thousands, except per share data)		**2012**		**2011**		**2010**
Net sales	$	634,640	$	581,369	$	527,481
Cost of sales		426,156		389,831		352,505
Gross profit		208,484		191,538		174,976
Selling, general and administrative		146,995		137,807		127,156
Gain on sale of real estate		(4,776)		(3,368)		(1,405)
Restructuring costs		1,685		1,843		3,494
Income from operations		64,580		55,256		45,731
Interest expense		2,280		2,107		3,624
Other, net		(519)		201		(749)
Total		1,761		2,308		2,875
Income from continuing operations before income taxes		62,819		52,948		42,856
Provision for income taxes		15,912		14,922		12,504
Income from continuing operations		46,907		38,026		30,352
Income (loss) from discontinued operations, net of tax		(16,002)		(2,659)		(1,653)

Net income	$ 30,905	$ 35,367	$ 28,699
Basic earnings per share:			
Income (loss) from continuing operations	$ 3.75	$ 3.05	$ 2.44
Income (loss) from discontinued operations	(1.28)	(0.22)	(0.13)
Total	$ 2.47	$ 2.83	$ 2.31
Diluted earnings per share:			
Income (loss) from continuing operations	$ 3.67	$ 2.98	$ 2.39
Income (loss) from discontinued operations	(1.25)	(0.21)	(0.13)
Total	$ 2.42	$ 2.77	$ 2.26

See notes to consolidated financial statements.

Standex International Corporation and Subsidiaries

Consolidated Statements of Stockholders' Equity and Comprehensive Income

Year End (in thousands)	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock Shares**	**Treasury Stock Amount**	**Total Stockholders Equity**
Balance, July1, 2009	$ 41,976	$ 28,690	$ 419,157	$ (52,591)	15,597	$ (260,946)	$ 176,286
Stock issued for employee stock option and purchase plans, including related income tax benefit		(1,075)			(107)	1,790	715
Stock-based compensation		3,845					3,845
Treasury stock acquired					46	(1,074)	(1,074)
Comprehensive income							
Net Income			28,699				28,699
Foreign currency translation adjustment				(2,360)			(2,360)
Pension and OPEB adjustments, net of tax of $7.2 million (Note 14)				(12,032)			(12,032)
Change in fair value of derivatives, net of tax of ($0.3) million (Note 14)				527			527

Total comprehensive income							14,834
Dividends paid ($.20 per share)			(2,543)				(2,543)
Balance, June 30, 2010	$ 41,976	$ 31,460	$ 445,313	$ (66,456)	15,536	$ (260,230)	$ 192,063
Stock issued for employee stock option and purchase plans, including related income tax benefit		(2,037)			(183)	3,078	1,041
Stock-based compensation		3,805					3,805
Treasury stock acquired					183	(5,237)	(5,237)
Comprehensive income							
Net Income			35,367				35,367
Foreign currency translation adjustment				9,075			9,075
Pension and OPEB adjustments, net of tax of ($7.4) million (Note 14)				12,803			12,803
Change in fair value of derivatives, net of tax of $0.2 million (Note 14)				(350)			(350)
Total comprehensive income							56,895
Dividends paid ($.23 per share)			(2,954)				(2,954)
Balance, June 30, 2011	$ 41,976	$ 33,228	$ 477,726	$ (44,928)	15,536	$ (262,389)	$ 245,613
Stock issued for employee							

stock option and purchase plans, including related income tax benefit and other		(2,156)			(229)	3,875	1,719
Stock-based compensation		3,856					3,856
Treasury stock acquired					154	(5,521)	(5,521)
Comprehensive income							
Net Income			30,905				30,905
Foreign currency translation adjustment				(7,847)			(7,847)
Pension and OPEB adjustments, net of tax of $11.1 million (Note 14)				(21,625)			(21,625)
Change in fair value of derivatives, net of tax of $0.4 million (Note 14)				(725)			(725)
Total comprehensive income							708
Dividends paid ($.27 per share)			(3,468)				(3,468)
Balance, June 30, 2012	$ 41,976	$ 34,928	$ 505,163	$ (75,125)	15,461	$ (264,035)	$ 242,907

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Standex International Corporation and Subsidiaries			
For the Years Ended June 30 *(in thousands)*	**2012**	**2011**	**2010**
Cash Flows from Operating Activities			
Net income (loss)	$ 30,905	$ 35,367	$ 28,699
Income (loss) from discontinued operations	(16,002)	(2,659)	(1,653)
Income (loss) from continuing operations	46,907	38,026	30,352
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	13,490	13,274	13,408
Stock-based compensation	3,768	3,805	3,845
Deferred income taxes	2,376	(673)	3,709
Non-cash portion of restructuring charge	81	485	403
(Gain)/loss on sale of real estate	(4,776)	(3,368)	(1,405)
Increase/(decrease) in cash from changes in assets and liabilities,			
net of effects from discontinued operations and business acquisitions:			
Accounts receivables, net	(5,883)	(2,535)	(11,787)
Inventories	876	(11,845)	2,292
Contributions to defined benefit plans	(7,268)	(506)	(17,414)
Prepaid expenses and other	(2,742)	(1,296)	(2,817)
Accounts payable	(651)	12,665	467
Accrued payroll, employee benefits and other liabilities	4,375	6,019	3,874
Income taxes payable	(3,112)	6,783	(1,729)
Net cash provided by operating activities - continuing operations	47,441	60,834	23,198
Net cash used for operating activities - discontinued operations	(3,775)	(4,497)	(1,797)
Net cash provided by operating activities	43,666	56,337	21,401
Cash Flows from Investing Activities			
Expenditures for capital assets	(9,936)	(5,919)	(3,936)
Expenditures for acquisitions, net of cash acquired	-	(26,603)	-

Expenditures for executive life insurance policies	(476)	(514)	(640)
Proceeds withdrawn from life insurance policies	152	415	1,649
Proceeds from sale of real estate and equipment	5,207	5,746	8,681
Other investing activity	(2,367)	(1,242)	-
Net cash provided by (used for) investing activities from continuing operations	(7,420)	(28,117)	5,754
Net cash provided by investing activities from discontinued operations	16,004	(132)	(82)
Net cash provided by (used for) investing activities	8,584	(28,249)	5,672
Cash Flows from Financing Activities			
Proceeds from borrowings	210,500	73,000	78,000
Payments of debt	(210,300)	(116,500)	(79,000)
Short-term borrowings, net	(1,800)	1,800	-
Stock issued under employee stock option and purchase plans	316	342	376
Excess tax benefit associated with stock option exercises	649	247	-
Cash dividends paid	(3,383)	(2,875)	(2,490)
Purchase of treasury stock	(5,521)	(5,237)	(1,074)
Net cash used for financing activities from continuing operations	(9,539)	(49,223)	(4,188)
Net cash used for financing activities from discontinued operations	-	-	-
Net cash used for financing activities	(9,539)	(49,223)	(4,188)
Effect of exchange rate changes on cash	(2,369)	1,912	1,761

Net change in cash and cash equivalents		40,342		(19,223)		24,646
Cash and cash equivalents at beginning of year		14,407		33,630		8,984
Cash and cash equivalents at end of year	$	54,749	$	14,407	$	33,630
Supplemental Disclosure of Cash Flow Information:						
Cash paid during the year for:						
Interest	$	1,792	$	1,837	$	3,071
Income taxes, net of refunds	$	13,377	$	5,673	$	9,068

See notes to consolidated financial statements.

STANDEX INTERNATIONAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLIC