CNA FINANCIAL CORP
Form DEF 14C
March 25, 2004

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

SCHEDULE 14C

Information Statement Pursuant to Section 14(c)
of the Securities Exchange Act of 1934 (Amendment No.)

Check the appropriate box:

o Preliminary Information Statement

o Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

x Definitive Information Statement

CNA Financial Corporation

(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

x No fee required
o Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing. (1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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CNA FINANCIAL CORPORATION
CNA PLAZA, CHICAGO, ILLINOIS 60685

NOTICE OF ACTION BY WRITTEN CONSENT
OF THE MAJORITY STOCKHOLDER OF
CNA FINANCIAL CORPORATION
CNA PLAZA, CHICAGO, ILLINOIS 60685

ACTION TO BE EFFECTIVE ON: APRIL 20, 2004

DATE FIRST MAILED TO STOCKHOLDERS: March 29, 2004

INFORMATION STATEMENT
March 29, 2004

This Information Statement is being furnished to the stockholders of CNA Financial Corporation, a Delaware corporation (the Company), in connection with an action by written consent of the majority stockholder taken on March 24, 2004, which will be effective April 19, 2004.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY IN CONNECTION WITH THE MATTER DISCUSSED IN THIS INFORMATION STATEMENT.

The action to be effective twenty days after the mailing of this Information Statement is:

- the issuance of 32,327,015 shares of Common Stock to Loews Corporation (Loews) upon the conversion of 32,327.015 shares of Series I Convertible Participating Preferred Stock (Preferred Stock) previously issued to Loews.

This Information Statement is being furnished pursuant to the requirements of Rule 14c-2 of the Securities Exchange Act of 1934, as amended, to stockholders entitled to vote or give an authorization or consent in regard to the Conversion. This Information Statement is first being mailed on March 29, 2004 to stockholders of record as of March 12, 2004. The written consent authorizing the Conversion was executed on March 24, 2004.

The Company s principal executive offices are located at CNA Plaza, Chicago, Illinois 60685, and the Company s telephone number is (312) 822-5000.

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THE CONVERSION OF PREFERRED STOCK

The Capital Plan and Support Agreements

As previously reported, during 2003 the Company completed a strategic review of its operations and decided to concentrate efforts on its property and casualty business. As a result of this review, and the 2003 charges of $1,849 million after-tax ($2,845 million pretax) related to unfavorable net prior year development and a $396 million after-tax ($610 million pretax) increase in the provision for reinsurance and insurance receivables, the Company developed a capital plan to replenish statutory capital of the property and casualty subsidiaries adversely impacted by these charges (the Capital Plan). In November of 2003, the Company and its principal insurance subsidiary, Continental Casualty Company (CCC), entered into a Capital Support Agreement and related Guaranty Agreement (collectively the Support Agreements) with Loews, the 90% owner of the Company s outstanding common stock. The Support Agreements provided for the sale in November of 2003 of $750 million of a new series of convertible preferred stock to Loews, and a commitment from Loews for additional capital support of up to $500 million by February 27, 2004 through the purchase of surplus notes of CCC in the event certain additions to CCC s statutory capital were not achieved through asset sales. Under the terms of the Support Agreements, the Company is obligated to use its reasonable best efforts to convert the preferred stock into common shares of the Company as described below within such time as the Company and Loews reasonably deem appropriate.

The Series I Convertible Participating Preferred Stock

In November 2003, pursuant to the Support Agreements, Loews purchased 32,327.015 shares of the Company s Series I Convertible Participating Preferred Stock (the Preferred Stock) for $750 million. The price per share of the Preferred Stock, $23,200, was one thousand (1000) times the volume weighted average of the daily trading price of CNAF common stock from and including November 17, 2003 through November 21, 2003. Each share of Preferred Stock is convertible into 1,000 shares of common stock of the Company (the Common Stock). The Preferred Stock will convert into Common Stock at such time as either stockholder approval of the issuance of the Common Stock is obtained, as required by the rules of the New York Stock Exchange (the NYSE), or an exemption from such requirement is granted by the NYSE. In November of 2003, the NYSE approved the conversion of the Preferred Stock into Common Stock upon the written consent of the majority stockholder of the Company. Loews has consented to the issuance of the shares of Common Stock upon conversion of the Preferred Stock. No additional stockholder approval is required. As a result, the conversion of the Preferred Stock will occur automatically on April 19, 2004 (20 calendar days after the mailing of this Information Statement).

The Preferred Stock does not have any voting rights and may not be redeemed. The liquidation preference of the Preferred Stock is $0.01 per share. When a dividend or distribution is declared upon the Common Stock, Loews is entitled to receive an amount equal to that which it would have received had its shares of Preferred Stock been converted to Common Stock prior to the record date for the dividend or distribution.

Record Date

The record date for the determination of stockholders entitled to notice of the action by written consent is the close of business on March 12, 2004 (the Record Date).

Outstanding Shares

As of the Record Date, there were issued and outstanding 223,617,337 shares of Common Stock, each of which is entitled to one vote. As of the Record Date, Loews directly held 201,293,500 shares of Common Stock, before giving effect to the Conversion, representing approximately 90% of outstanding shares of Common Stock.

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The Conversion

The Company will issue to Loews 32,327,015 shares of Common Stock upon the conversion of the 32,327.015 shares of Preferred Stock. The Conversion is being made in connection with the Capital Plan described above.

The Company s Common Stock is listed on the NYSE, and, as a result, the Company is subject to the rules of the NYSE. Rule 312.03(b) of the rules of the NYSE requires an issuer to obtain stockholder approval prior to the issuance of common stock, or of securities convertible into or exercisable for common stock, to (i) a director, officer or substantial security holder of the company (an NYSE Related Party), (ii) a subsidiary, affiliate or other closely-related person of an NYSE Related Party or (iii) any company or entity in which an NYSE Related Party has a substantial direct or indirect interest, if the number of shares of common stock to be issued, or if the number of shares of common stock into which the securities may be convertible or exercisable, exceeds either 1% of the number of shares of common stock or 1% of the voting power outstanding before the issuance.

The consummation of the Conversion will result in an issuance to Loews of 32,327,015 shares of Common Stock, constituting approximately 14% of the number of shares of Common Stock outstanding before giving effect to the Conversion.

Approval of the Board of Directors

The board of directors has determined that the Conversion is advisable and in the Company s best interests.

Action by Written Consent; No Vote Required

Your consent is not required and is not being solicited in connection with the Conversion. Pursuant to Section 228(a) of the General Corporation Law of the State of Delaware (the DGCL), unless otherwise provided in a corporation s certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of a corporation, or any action which may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and properly delivered to the corporation. Accordingly, the action by written consent of the majority stockholder is sufficient, without the concurring consent of any of the other stockholders, to approve and adopt the Conversion.

Appraisal Rights

The DGCL does not provide for dissenters rights of appraisal in connection with the Conversion.

Notice Of Action By Written Consent

Pursuant to Section 228(e) of the DGCL, the Company is required to provide prompt notice of the taking of corporate action without a meeting by less than unanimous written consent to those stockholders who have not consented in writing to such action. This Information Statement serves as the notice required by Section 228(e) of the DGCL.

Description of Consideration for the Conversion

The $750 million purchase price for the shares of Preferred Stock convertible into the Common Stock to which this Schedule relates and acquired by Loews pursuant to the Support Agreements was provided from Loews internally generated funds. Loews will provide no further consideration for the Conversion.

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Effect of the Conversion

Upon consummation of the Conversion, 255,944,352 shares of Common Stock will be outstanding. Loews will own 233,620,515 shares of Common Stock (approximately 91% of the outstanding shares).

Effect on Price of Common Stock

The Conversion contemplates the conversion of the Preferred Shares into shares of the Common Stock. The price of the Common Stock is highly linked to the financial condition and the number of shares outstanding. Because the Company is issuing a significant amount of Common Stock in connection with the Conversion, the Company does not know at what price the Common Stock will trade following the Conversion.

Dilution

Upon the consummation of the Conversion, minority holders of Common Stock will incur dilution of their ownership interest and voting power. The following table sets forth certain record ownership of Common Stock as of February 27, 2004 on a historical basis and as adjusted to give pro forma effect to the Conversion as if such transaction had occurred on February 27, 2004. The information below has not been prepared in accordance with the rules of the SEC relating to beneficial ownership in that it does not include shares of Common Stock which a holder has the right to acquire within 60 days through the exercise of any option, warrant or right, through conversion of any security or pursuant to the automatic termination of a power of attorney or revocation of a trust, discretionary account or similar arrangement.

	Common Stock Ownership		Percentage of Common Stock	
Holder	**Historical**	**Pro Forma**	**Historical**	**Pro Forma**
Loews Corporation	201,293,500	233,620,515	90.0%	91.3%
Other Stockholders	22,323,837	22,323,837	10.0	8.7

Principal Stockholders

The following table contains certain information as to all entities which, to the knowledge of the Company, were the beneficial owners of 5% or more of the outstanding shares of common stock (Common Stock) as of February 27, 2004 (unless otherwise noted) without giving effect to the Conversion. Each such entity has sole voting and investment power with respect to the shares set forth:

Name and Address of Beneficial Owner	Amount Beneficially Owned	Percent of Class
Loews Corporation 667 Madison Avenue New York, New York 10021	201,293,500	90%

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Director and Officer Holdings

The following table sets forth certain information as to the shares of Common Stock beneficially owned by each Director and each of the five most highly compensated Executive Officers, and by all Executive Officers and Directors of the Company as a group as of February 27, 2004, based on data furnished by them:

Name	Shares of the Company s Common Stock Beneficially Owned	Shares of Loews Corporation Common Stock Beneficially Owned
Robert V. Deutsch	173,515(1)	2,000
Walter L. Harris	1,830	0
Bernard L. Hengesbaugh	520,486(2)	0
Jonathan D. Kantor	57,483(3)	0
James R. Lewis	34,263(4)	0
Stephen W. Lilienthal	78,778(5)	0
Paul J. Liska	0	0
Robert L. McGinnis	7,700(6)	0
Don M. Randel	0	0
Joseph Rosenberg	12,200	26,250(7)
James S. Tisch	6,100	3,075,500(8)
Preston R. Tisch	0	29,983,184(9)
Marvin Zonis	183	0
All Executive Officers and Directors as a group (13 persons)	892,538(10)	33,060,684(11)

(1) Includes 62,500 shares issuable upon the exercise of options granted under the CNA Financial Corporation 2000 Incentive Compensation Plan (the Incentive Compensation Plan) which are currently exercisable.

(2) Includes 80,500 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable. Mr. Hengesbaugh also owns beneficially 2,500 shares of the common stock of CNA Surety Corporation, a 64% owned indirect subsidiary of the Company.

(3) Includes 36,000 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.

(4) Includes 25,000 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.

(5) Includes 51,250 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.

(6) Includes 7,500 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.

(7) Represents shares of Loews Common Stock issuable upon the exercise of options granted under the Loews Stock Option Plan which are currently exercisable.

(8) Includes 50,000 shares of Loews Common Stock issuable upon the exercise of options granted under the Loews Stock Option Plan which are currently exercisable. Also includes 1,467,787 shares of Loews Common Stock held by trusts of which Mr. J. S. Tisch is managing trustee and beneficiary and 100,000 shares of Loews Common Stock held by a charitable foundation as to which Mr. J. S. Tisch has shared voting and investment power. Loews Common Stock shares held by Mr. J. S. Tisch represent 1.5% of the outstanding shares of Loews Common Stock.

(9) Includes 4,419,072 shares owned beneficially by Mr. P.R. Tisch s wife, and 1,776,116 held by Mr. P.R. Tisch as trustee of trusts for the benefit of his wife as to which he has sole voting and investment power.

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(10) Includes 157,250 shares issuable upon the exercise of options granted under the Incentive Compensation Plan which are currently exercisable.

(11) Includes 76,250 shares of Loews Common Stock issued upon the exercise of options granted under the Loews Stock Option Plan which are currently exercisable. Represents 28% of the outstanding shares of Loews Common Stock.

Each holding represents less than 1% of the outstanding shares of Common Stock. For information with respect to the stock holdings of Loews, see Principal Stockholders above.

Change of Control Arrangements

The Company is not aware of any arrangements, including any pledge by any person of securities of the Company or Loews, which may at a subsequent date result in a change of control of the Company.

Interests of Certain Persons in or Opposition to Matters to be Acted upon

The Company is not aware of any opposition to the Conversion, nor of any interest that would be substantially affected through the adoption of the Conversion whether adversely or otherwise.

Multiple Stockholders at the Same Address

Unless the Company has received contrary instructions from one or more of the stockholders, only one Information Statement is being delivered to stockholders who share the same address. The Company will undertake to deliver promptly upon written or oral request a separate copy of the Information Statement to a stockholder at a shared address to which a single copy of the Information Statement was delivered. A stockholder can notify the Company that it wishes to receive a separate copy of the Information Statement by writing to the Company at CNA Plaza, Chicago, Illinois 60685 or calling the Company at (312) 822-5000. If a stockholder has or is receiving multiple copies of the Company s Annual Reports, Proxy Statements or Rule 14C Disclosures, the stockholder can request that only one copy be sent by contacting the Company at the same address or telephone number.

Where to Find More Information

The Company s Annual Report on Form 10-K for the year ended December 31, 2003 is incorporated herein by reference.

The Company files annual, quarterly and current reports, proxy statements and other documents with the Securities and Exchange Commission under the Securities Exchange Act of 1934. The public may read and copy any materials that the Company files with the SEC at the SEC s Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers, including the Company, that file electronically with the SEC. The public can obtain any documents that the Company files with the SEC at http://www.sec.gov.

The Company also makes available free of charge on or through its Internet website (http://www.cna.com) its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC.

line in sales of polymer additives and a $1,915 decrease in products sold to the food, beverage and cosmetic industries. In addition, overall sales of Specialty Chemicals are down due to the government devaluation of the Chinese Renminbi, as well as the severe drop in oil prices, resulting in reduced customer pricing. The decreases in the Specialty Chemicals business are partially offset by an increase of $8,941 in sales of our agricultural protection products, predominantly from an increase in sales of a wide-range insecticide that is used on various crops including cereals, citrus, cotton, grapes, ornamental grasses and vegetables, as well as an increase in sales volume of our sprout inhibitor products, which extends the storage life of potatoes and an herbicide used to control sedge on rice.

Gross Profit

Gross profit increased $7,351 or 5.4% to $142,785 (25.6% of net sales) for the year ended June 30, 2016, as compared to $135,434 (24.8% of net sales) for the prior year.

Human Health

Human Health segment's gross profit of $77,880 for the year ended June 30, 2016 increased $2,131, or 2.8%, over the prior year. The gross margin of 34.2% was higher than the prior year's gross margin of 33.6%. The increase in gross profit and gross margin in the Human Health segment predominantly relates to price increases experienced in the prior year on certain Rising products. Overall, our Human Health segment has experienced gross profit pressure, including increased chargebacks, from the consolidation of wholesalers with retail drug chains. We expect the overall trend will persist, but Aceto will continue to defend its price position.

Pharmaceutical Ingredients

Gross profit for the year ended June 30, 2016 for the Pharmaceutical Ingredients business increased by $2,069 or 7.8% over the prior year. The gross margin of 17.9% was unchanged from the prior year. The increase in gross profit is predominantly the result of the increase in the sales volume of APIs sold abroad, specifically by our Singapore and German operations, as well as favorable product mix on sales of domestic APIs.

Performance Chemicals

Gross profit for the Performance Chemicals segment increased to $36,153 for the year ended June 30, 2016, versus $33,002 for the prior year, an increase of $3,151, or 9.5%. The gross margin at 21.3% for the year ended June 30, 2016 was also higher than the prior year's gross margin of 19.1%. The increase in gross profit is due to $2,292 rise in gross profit for the Agricultural Protection Products business, primarily due to increased sales volume of a wide-range insecticide that is used on various crops, a sprout inhibitor that extends the storage life of potatoes, as well as an herbicide used to control sedge on rice. The Performance Chemicals segment also experienced favorable gross margin impact in the Specialty Chemicals business resulting in overall increased gross profit of $859, due to a decline in sales of lower margin products, as well as $376 of duty refunds related to the Generalized System of Preferences, a tariff system which expired in July 2013 and was not renewed until July 2015. In addition, both gross profit and gross margin of the Specialty Chemicals business were favorably impacted by the overall decline in costs of products sourced from China, due to the devaluation of the Chinese Renminbi.

Selling, General and Administrative Expenses

SG&A increased $3,661, or 5.0%, to $76,820 for the year ended June 30, 2016 compared to $73,159 for the prior year. As a percentage of sales, SG&A increased from 13.4% to 13.8% for the year ended June 30, 2016 versus the prior year. The increase in SG&A is primarily due to increased stock-based compensation expense of $2,182. SG&A for the current year also included $1,213 of transaction costs related to a potential acquisition of a target company that we evaluated during the year but ultimately determined not to pursue, as well as $1,313 environmental remediation charge related to Arsynco. These increases in SG&A were offset in part by $833 reversal of contingent consideration related to the PACK acquisition and $241 reversal of contingent consideration related to the acquisition of a company in France, due to management's evaluation and assessment of the potential earnout amounts defined in the purchase agreements. SG&A for the prior year included $1,618 environmental remediation charge related to Arsynco and $3,468 reversal of contingent consideration related to the PACK acquisition.

Research and Development Expenses

Research and development expenses ("R&D") increased $1,995 or 33.6% to $7,937 for the year ended June 30, 2016 compared to $5,942 for the prior year. R&D expenses represent investment in our generic finished dosage form product pipeline, which includes both Rising and PACK products. The majority of the R&D expenses are milestone based, which will likely cause fluctuation from quarter to quarter.

Operating Income

Fiscal 2016 operating income was $58,028 compared to $56,333 in the prior year, an increase of $1,695 or 3.0%.

Interest Expense

Interest expense was $6,997 for the year ended June 30, 2016, an increase of $3,043 from the prior year. The increase is primarily due to a $420 payment associated with the termination of an interest rate swap, as well as $2,974 amortization of the debt discount associated with the offering of Convertible Senior Notes.

Interest and Other Income, Net

Interest and other income, net was $2,823 for the year ended June 30, 2016, an increase of $1,337 from the prior year, primarily due to decreases in unrealized foreign exchange losses as well as an increase in income related to a joint venture for one of our agricultural protection products. For the year ended June 30, 2015, we experienced unrealized foreign exchange losses resulting from mark-to-market valuation of foreign currency futures contracts and the strong U.S. dollar compared to the Euro.

Provision for Income Taxes

The effective tax rate for the year ended June 30, 2016 decreased to 35.4% compared to 37.8% for the prior year. The decrease in the effective tax rate was due to the mix of profits from the lower tax rate jurisdictions of Europe and Asia compared to the Federal tax rate in the United States as well as a change in the business allocation percentages in certain states in the U.S.

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Results of Operations

Fiscal Year Ended June 30, 2015 Compared to Fiscal Year Ended June 30, 2014

Net Sales by Segment

Year ended June 30,

	2015		2014		Comparison 2015 Over/(Under) 2014	
Segment	Net sales	% of Total	Net sales	% of Total	$ Change	% Change
Human Health	$225,263	41.2 %	$160,217	31.4 %	$65,046	40.6 %
Pharmaceutical Ingredients	149,296	27.3	176,425	34.6	(27,129)	(15.4)
Performance Chemicals	172,392	31.5	173,537	34.0	(1,145)	(0.7)
Net sales	$546,951	100.0%	$510,179	100.0%	$36,772	7.2 %

Gross Profit by Segment

Year ended June 30,

	2015		2014		Comparison 2015 Over/(Under) 2014	
Segment	Gross Profit	% of Sales	Gross Profit	% of Sales	$ Change	% Change
Human Health	$75,749	33.6%	$48,496	30.3%	$27,253	56.2 %
Pharmaceutical Ingredients	26,683	17.9	36,615	20.8	(9,932)	(27.1)
Performance Chemicals	33,002	19.1	29,592	17.1	3,410	11.5
Gross profit	$135,434	24.8%	$114,703	22.5%	$20,731	18.1 %

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Net Sales

Net sales increased $36,772, or 7.2%, to $546,951 for the year ended June 30, 2015, compared with $510,179 for the prior year. We reported sales increases in our Human Health business while our Performance Chemicals and Pharmaceutical Ingredients business segments declined from the prior year.

Human Health

Products that fall within the Human Health segment include finished dosage form generic drugs and nutraceutical products. Net sales for the Human Health segment increased by $65,046 for the year ended June 30, 2015, to $225,263, which represents a 40.6% increase over net sales of $160,217 for the prior year, largely driven by an increase in sales of Rising products of $80,919 due to the PACK acquisition, as well as new generic product launches during the past two years and price increases on certain products. In addition, net sales were favorably impacted by a change in estimate for product returns due to the most recent returns experience. On April 30, 2014, Rising acquired 100% of the issued and outstanding membership interests of PACK, which is included in our Human Health segment. This increase was offset by a $15,873 decline in sales of nutritional products, sold both domestically and abroad due to soft reorders resulting from high customer inventory levels, as well as increased competition. Our nutritional business also saw a decline of $2,264 in royalty income for the year ended June 30, 2015 on the sale of certain proprietary ingredients.

Pharmaceutical Ingredients

Net sales for the Pharmaceutical Ingredients segment decreased by $27,129 for the year ended June 30, 2015, to $149,296, which represents a 15.4% decrease from net sales of $176,425 for the prior year. The primary reason for the decrease was due to a decline in sales of domestic APIs due to large reorders of a customer-launched API that occurred in the first and second quarters of fiscal 2014. Although we had two small orders for this product in fiscal 2015, the customer’s market success will ultimately dictate our on-going success with respect to this product; therefore we did not expect to see the same volume of business in fiscal 2015 as we did in fiscal 2014 for this product. In addition, domestic sales of APIs decreased due to a drop in reorders of two existing products. International sales of pharmaceutical ingredient products declined by $8,476 primarily due to an unfavorable impact from the strong U.S. dollar compared to the Euro. Of our three business segments, the Pharmaceutical Ingredients business has the largest proportion of its business in the Euro zone.

Performance Chemicals

Net sales for the Performance Chemicals segment remained relatively flat at $172,392 for the year ended June 30, 2015, representing a decrease of $1,145 or 0.7%, from net sales of $173,537 for the prior year.

Gross Profit

Gross profit increased $20,731 or 18.1% to $135,434 (24.8% of net sales) for the year ended June 30, 2015, as compared to $114,703 (22.5% of net sales) for the prior year.

Human Health

Human Health segment's gross profit of $75,749 for the year ended June 30, 2015 increased $27,253, or 56.2%, over the prior year. The gross margin of 33.6% was higher than the prior year's gross margin of 30.3%. The increase in gross profit and gross margin in the Human Health segment related to the addition of PACK, the acquisition that occurred on April 30, 2014, sales volume increase related to product launches that occurred in the past two years and price increases on certain products. This increase was offset by a decline in gross profit on nutritional products attributable to the related sales volume decrease, as well as a drop in royalty income. In addition, wholesalers and retail drug chains have undergone significant consolidation, therefore gross margin in our generic business has been adversely affected by this consolidation in the industry.

Pharmaceutical Ingredients

Gross profit for the year ended June 30, 2015 for the Pharmaceutical Ingredients business decreased by $9,932 or 27.1% over the prior year. The gross margin of 17.9% was also lower than the prior year's gross margin of 20.8%. The decrease in both gross profit and gross margin was predominantly the result of the decline in the sales volume of reorders of a certain API, which typically yields a significantly higher gross margin.

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Performance Chemicals

Gross profit for the Performance Chemicals segment increased to $33,002 for the year ended June 30, 2015, versus $29,592 for the prior year, an increase of $3,410, or 11.5%. The gross margin at 19.1% for the year ended June 30, 2015 was also higher than the prior year's gross margin of 17.1%. The increase in gross profit and gross margin was primarily due to increased sales volume of agricultural, dye, pigment and miscellaneous intermediates as well as a favorable product mix on these specialty chemical items. In addition, the rise in gross profit and gross margin was due to a fungicide used to prevent disease on pecan crops, which is sold by our agricultural protection products business.

Selling, General and Administrative Expenses

SG&A increased $7,950, or 12.2%, to $73,159 for the year ended June 30, 2015 compared to $65,209 for the prior year. As a percentage of sales, SG&A increased from 12.8% to 13.4% for the year ended June 30, 2015 versus the prior year. On April 30, 2014, Rising acquired 100% of the issued and outstanding membership interests of PACK, thus we had approximately $10,158 of SG&A related to PACK during the year ended June 30, 2015, of which $4,790 of amortization expense related to acquired intangible assets, compared to $2,352 of SG&A for PACK in the prior year. In addition, we recorded $350 related to the UPL litigation settlement, as well as $1,618 environmental remediation charge related to Arsynco and $612 for separation and relocation costs during the year ended June 30, 2015. SG&A also included $3,468 reversal of contingent consideration related to the PACK acquisition. There was also a rise in SG&A due to increased payroll and fringe benefits due to additional hiring and annual salary increases and increased stock-based compensation expense. The SG&A for the prior year included $1,874 of transaction costs related to acquisitions, which did not occur in fiscal 2015.

Research and Development Expenses

Research and development expenses ("R&D") increased $720 or 13.8% to $5,942 for the year ended June 30, 2015 compared to $5,222 for the prior year. R&D expenses represent investment in our generic finished dosage form product pipeline, which includes both Rising and PACK products. The majority of the R&D expenses are milestone based, which will likely cause fluctuation from quarter to quarter.

Operating Income

Fiscal 2015 operating income was $56,333 compared to $44,272 in the prior year, an increase of $12,061 or 27.2%.

Interest Expense

Interest expense was $3,954 for the year ended June 30, 2015, an increase of $1,854 from the prior year. The increase was primarily due to higher average loan balance outstanding during the year ended June 30, 2015, pursuant to the Credit Agreement entered into in connection with the purchase of PACK.

Interest and Other Income, Net

Interest and other income, net was $1,486 for the year ended June 30, 2015, a decrease of $1,016 from the prior year, primarily due to increases in unrealized foreign exchange losses resulting from mark-to-market valuation of foreign currency futures contracts and the strong U.S. dollar compared to the Euro.

Provision for Income Taxes

The effective tax rate for the year ended June 30, 2015 increased to 37.8% compared to 35.1% for the prior year. The increase in the effective tax rate was due to the mix of profits from the higher tax rate jurisdiction of the United States compared to Europe in fiscal 2015.

Liquidity and Capital Resources

Cash Flows

At June 30, 2016, we had $66,828 in cash, of which $39,473 was outside the United States, $881 in short-term investments, all of which is held outside the United States and $118,789 in long-term debt (including the current portion), all of which is an obligation in the United States. Working capital was $253,755 at June 30, 2016 compared to $185,310 at June 30, 2015. The $39,473 of cash held outside of the United States is fully accessible to meet any liquidity needs of the countries in which we operate. The cash located outside of the United States can be transferred into the United States. Although these amounts are fully accessible, transferring these amounts into the United States or any other countries could have certain tax consequences. A deferred tax liability will be recognized when we expect that we will recover undistributed earnings of our foreign subsidiaries in a taxable manner, such as through receipt of dividends or sale of the investments. We intend to indefinitely reinvest these undistributed earnings and have no plan for further repatriation. A portion of our cash is held in operating accounts that are with third party financial institutions. While we monitor daily the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or are subject to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to cash in our operating accounts.

Our cash position at June 30, 2016 increased $32,808 from the amount at June 30, 2015. Operating activities for the year ended June 30, 2016 provided cash of $31,831 for this period, as compared to cash provided of $8,343 for the prior year. The $31,831 resulted from $34,766 in net income and $21,150 derived from adjustments for non-cash items less a net $24,085 decrease from changes in operating assets and liabilities. The non-cash items included $12,698 in depreciation and amortization expense, $2,060 of earnings on an equity investment in a joint venture, $18 for deferred income taxes, $3,496 for amortization of debt issuance costs and debt discount, $1,074 reversal of contingent consideration, $1,313 environmental remediation charge related to Arsynco and $6,719 in non-cash stock compensation expense. Trade accounts receivable increased $6,149 during the year ended June 30, 2016, due predominantly to an increase in days sales outstanding, particularly at our Rising subsidiary, whose customers typically yield a longer payment term due to industry standards and recent consolidation of wholesalers and retail drug chains. Inventories increased by $2,489 and accounts payable decreased by $8,937 due primarily to increased inventories held in stock by our Agricultural Protection Products subsidiary as a result of a delay in sales of a fungicide used to prevent disease on pecan crops expected to be shipped in the first quarter of fiscal 2017 and a build-up of inventory at our Rising subsidiary for both new and existing products. Accrued expenses and other liabilities decreased $7,689 due primarily to a decline in price concessions for our Rising subsidiary and timing of income tax payments for international tax jurisdictions.

Our cash position at June 30, 2015 decreased $8,877 from the amount at June 30, 2014. Operating activities for the year ended June 30, 2015 provided cash of $8,343 for this period, as compared to cash provided of $25,056 for the comparable period. The $8,343 was comprised of $33,483 in net income and $11,385 derived from adjustments for non-cash items less a net $36,525 decrease from changes in operating assets and liabilities. The non-cash items included $11,849 in depreciation and amortization expense, $3,468 reversal of contingent consideration in connection with the PACK acquisition, $1,761 of earnings on an equity investment in a joint venture, $1,874 for deferred income taxes, $1,618 environmental remediation charge related to Arsynco and $4,537 in non-cash stock compensation expense. Trade accounts receivable increased $44,181 during the year ended June 30, 2015, predominantly due to an increase in sales from the fourth quarter of 2014 of Rising products, which typically yield a longer payment term due to industry standards and recent consolidation of wholesalers and retail drug chains, as well as the addition of PACK, which historically has had longer payment terms, causing an increase in days sales outstanding. Other receivables increased $5,644 due primarily to the timing of domestic income taxes paid as we were anticipating a tax refund of U.S. income taxes at that time, as well as remediation activity with BASF in connection with Arsynco and increase in value added taxes receivables for our France subsidiary. Accounts payable increased by $8,133 due to timing of payments processed at the end of the year. Accrued expenses and other liabilities increased $1,816 primarily due to an increase in price concessions and partnered products liabilities related to increased sales from Rising. This increase in accrued expenses and other liabilities was offset by timing of income tax payments. Distributions from a joint venture provided cash of $2,022. Our cash position at June 30, 2014 increased $9,666 from the amount at June 30, 2013. Operating activities for the year ended June 30, 2014 provided cash of $25,056 for this period, as compared to cash provided of $25,476 for the comparable 2013 period. The $25,056 was comprised of $29,000 in net income and $6,148 derived from adjustments for non-cash items less a net $10,092 decrease from changes in operating assets and liabilities.

Investing activities for the year ended June 30, 2016 used cash of $9,894. This use of cash reflects purchases of intangible assets and property and equipment of $12,377, partially offset by sales of investments in time deposits of $2,517. In September 2015, we purchased three ANDAs for the products Ciprofloxacin Ophthalmic Solution 3%, Levofloxacin Ophthalmic Solution 0.5%, and Diclofenac Sodium Ophthalmic Solution 0.1% from Nexus Pharmaceuticals. Also in September 2015, we purchased three ANDAs from a subsidiary of Endo International plc for the products Methimazole Tablets, Glycopyrrolate Tablets and Meclizine Tablets. In addition, in September 2014, we purchased three ANDAs from Par Pharmaceuticals, from which Dutasteride Softgel Capsules 0.5mg was launched in November 2015. Investing activities for the year ended June 30, 2015 used cash of $4,901 for purchases of property and equipment, intangible assets and investments. Investing activities for the year ended June 30, 2014 used cash of $86,633, primarily from $86,140 of payments for net assets of businesses acquired and $1,891 for purchases of property and equipment and intangible assets. This use of cash was partially offset by cash received of $1,506 from the sale of investments.

Financing activities for the year ended June 30, 2016 provided cash of $10,855. In November 2015, we offered $143,750 of 2% convertible senior notes due 2020 in a private offering. In conjunction with the issuing of the notes, we paid $5,153 for debt issuance costs, purchased a hedge for $27,174 and received $13,685 in proceeds from the sale of warrants. In addition, as a direct result of the convertible debt offering, we repaid $122,697 of bank borrowings. Financing activities also included $1,500 payment of contingent consideration to the former owners of Rising, bank borrowings of $15,500, $420 payment for terminating an interest rate swap, $7,084 payment of cash dividends and $1,219 of excess income tax benefits on stock option exercises and restricted stock. Financing activities for the year ended June 30, 2015 used cash of $8,245 primarily from $14,344 of repayment of bank borrowings, $6,964 payment of cash dividends, $4,500 payment of contingent consideration to the former owners of Rising, as well as $3,500 deferred consideration paid to these former owners. This use of cash was offset by bank borrowings of $19,000, proceeds of $1,273 received from the exercise of stock options and $790 of excess income tax benefit on stock option exercises and restricted stock. Financing activities for the year ended June 30, 2014 provided cash of $70,533 primarily from bank borrowings of $114,145, proceeds of $3,655 received from the exercise of stock options and $1,752 of excess income tax benefit on stock option exercises and restricted stock. This was offset by the use of cash of $40,713 for the repayment of bank borrowings, $1,500 of deferred consideration to the sellers of Rising and $6,806 payment of cash dividends.

Credit Facilities

We have available credit facilities with certain foreign financial institutions. At June 30, 2016, the Company had available lines of credit with foreign financial institutions totaling $7,397, all of which is available for borrowing by the respective foreign territories. We are not subject to any financial covenants under these arrangements.

On October 28, 2015, the Company entered into an Amended and Restated Credit Agreement (the “A&R Credit Agreement”), which amended and restated in its entirety the Credit Agreement, dated as of April 30, 2014 with three domestic financial institutions, as amended on June 25, 2015 by Amendment No. 1 to the Credit Agreement (together, the “First Amended Credit Agreement”). The A&R Credit Agreement increases the aggregate available revolving commitment under the First Amended Credit Agreement from $75,000 to an initial aggregate available revolving commitment of $150,000 (the “Initial Revolving Commitment”), which may be increased in accordance with the terms and conditions of the A&R Credit Agreement by an aggregate amount not to exceed $100,000 (the “Expansion Commitment” and, together with the Initial Revolving Commitment, the “Revolving Commitment”). Under the A&R Credit Agreement, the Company may borrow, repay and reborrow loans up to the Revolving Commitment from and as of October 28, 2015, to but excluding the earlier of October 28, 2020 and the termination of the Revolving Commitment, in amounts up to, but not exceeding at any one time, the Revolving Commitment. The A&R Credit Agreement does not provide for any term loan commitment. The proceeds from initial borrowings under the A&R Credit Agreement have been used to repay all amounts outstanding pursuant to the term loan commitment and revolving loan commitment under Aceto’s First Amended Credit Agreement. The proceeds from the issuance of the Notes were used to pay initial borrowings under the A&R Credit Agreement. As of June 30, 2016, there were no amounts outstanding under the A&R Credit Agreement.

The A&R Credit Agreement provides for (i) Eurodollar Loans (as such term is defined in the A&R Credit Agreement), (ii) ABR Loans (as such term is defined in the A&R Credit Agreement) or (iii) a combination thereof. Borrowings under the A&R Credit Agreement will bear interest per annum at a base rate or, at the Company's option, LIBOR, plus an applicable margin ranging from 0.00% to 0.75% in the case of ABR Loans, and 1.00% to 1.75% in the case of Eurodollar Loans. The applicable interest rate margin percentage will be determined by the Company's senior secured net leverage ratio.

The A&R Credit Agreement, similar to Aceto's First Amended Credit Agreement, provides that commercial letters of credit shall be issued to provide the primary payment mechanism in connection with the purchase of any materials, goods or services in the ordinary course of business. The Company had open letters of credit of approximately $0 and $21 at June 30, 2016 and June 30, 2015 respectively.

The A&R Credit Agreement, like Aceto's First Amended Credit Agreement, provides for a security interest in substantially all of the personal property of the Company and certain of its subsidiaries. The A&R Credit Agreement contains several financial covenants including, among other things, maintaining a minimum level of debt service. Under the A&R Credit Agreement, the Company and its subsidiaries are also subject to certain restrictive covenants, including, among other things, covenants governing liens, limitations on indebtedness, limitations on guarantees, limitations on sales of assets and sales of receivables, and limitations on loans and investments. The Company was in compliance with all covenants at June 30, 2016.

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Working Capital Outlook

Working capital was $253,755 at June 30, 2016, compared to $185,310 at June 30, 2015. We continually evaluate possible acquisitions of or investments in businesses that are complementary to our own, and such transactions may require the use of cash.

In October 2015, we filed a universal shelf registration statement with the SEC, which is now effective, to allow us to potentially offer an indeterminate principal amount and number of securities in the future with a proposed maximum aggregate offering price of up to $200,000. Under the shelf registration statement, we will have the flexibility to publicly offer and sell from time to time common stock, debt securities, preferred stock, warrants and units or any combination of such securities.

In November 2015, we offered $125,000 aggregate principal amount of 2% Convertible Senior Notes due 2020 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. In addition, we granted the initial purchasers for the offering an option to purchase up to an additional $18,750 aggregate principal amount pursuant to the initial purchasers' option to purchase additional notes, which was exercised in November 2015. Therefore the total offering was $143,750 aggregate principal amount. The remaining net proceeds received from the offering, after paying down our credit facilities and costs associated with the offering and a related hedge transaction, were or will be used for general corporate purposes, increasing working capital and funding capital expenditures.

In connection with our agricultural protection business, we plan to continue to acquire product registrations and related data filed with the United States Environmental Protection Agency as well as make payments to various task force groups, which could approximate $1,802 through fiscal 2017.

In connection with our environmental remediation obligation for Arsynco, we anticipate paying $9,180 towards remediation of the property in fiscal 2017.

We believe that our cash, other liquid assets, operating cash flows, borrowing capacity and access to the equity capital markets, taken together, provide adequate resources to fund ongoing operating expenditures, the repayment of our Notes and bank loans and the anticipated continuation of cash dividends for the next twelve months.

Off-Balance Sheet Arrangements and Commitments and Contingencies

We have no material financial commitments other than those under bank borrowings, convertible debt, operating lease agreements, letters of credit and unconditional purchase obligations. We have certain contractual cash obligations and other commercial commitments that will affect our short and long-term liquidity. At June 30, 2016, we had no significant obligations for capital expenditures.

At June 30, 2016, contractual cash obligations and other commercial commitments were as follows:

Contractual Obligations	Payments Due and/or Amount of Commitment (Expiration per Period)				
	Total	Less than 1 year	1-3 Years	3-5 Years	After 5 years
Long-term debt obligations (a)	$146,710	$197	$394	$146,119	$ -
Interest on long term debt obligations (b)	12,458	2,875	5,750	3,833	-
Operating leases	2,745	1,419	1,254	72	-
Standby letters of credit	1,758	1,758	-	-	-
Unconditional purchase obligations	77,367	77,367	-	-	-
Total	$241,038	$83,616	$7,398	$150,024	$ -

(a) Long-term debt obligations includes Convertible Senior Notes due November 2020 and assumes that no notes are converted prior to the November 1, 2020 maturity date. (See Note 9, Debt, in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.).

(b) Represents 2% interest due semi-annually on our Convertible Senior Notes due November 2020 and assumes all interest is paid and the notes are not converted prior to the November 1, 2020 due date. This amount could change if any noteholders convert their notes prior to the due date.

Other significant commitments and contingencies include the following:

1. A subsidiary of ours markets certain agricultural protection products which are subject to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA requires that test data be provided to the EPA to register, obtain and maintain approved labels for pesticide products. The EPA requires that follow-on registrants of these products compensate the initial registrant for the cost of producing the necessary test data on a basis prescribed in the FIFRA regulations. Follow-on registrants do not themselves generate or contract for the data. However, when FIFRA

requirements mandate that new test data be generated to enable all registrants to continue marketing a pesticide product, often both the initial and follow-on registrants establish a task force to jointly undertake the testing effort. We are presently a member of several such task force groups, which requires payments for such memberships. In addition, in connection with our agricultural protection business, we plan to acquire product registrations and related data filed with the United States Environmental Protection Agency to support such registrations and other supporting data for several products. The acquisition of these product registrations and related data filed with the United States Environmental Protection Agency as well as payments to various task force groups could approximate $1,802 through fiscal 2017, of which $0 has been accrued as of June 30, 2016 and June 30, 2015.

2. We, together with our subsidiaries are subject to various claims which have arisen in the normal course of business. We provide for costs related to contingencies when a loss from such claims is probable and the amount is reasonably determinable. In determining whether it is possible to provide an estimate of loss, or range of possible loss, we review and evaluate our litigation and regulatory matters on a quarterly basis in light of potentially relevant factual and legal developments. If we determine an unfavorable outcome is not probable or reasonably estimable, we do not accrue for a potential litigation loss. While we have determined that there is a reasonable possibility that a loss has been incurred, no amounts have been recognized in the financial statements, other than what has been discussed below, because the amount of the liability cannot be reasonably estimated at this time.

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3. The Company has environmental remediation obligations in connection with Arsynco, Inc. (“Arsynco”), a subsidiary formerly involved in manufacturing chemicals located in Carlstadt, New Jersey, which was closed in 1993 and is currently held for sale. Based on continued monitoring of the contamination at the site and the approved plan of remediation, Arsynco received an estimate from an environmental consultant stating that the costs of remediation could be between $19,400 and $21,200. Remediation commenced in fiscal 2010, and as of June 30, 2016 and 2015, a liability of $12,532 and $11,079, respectively, is included in the accompanying consolidated balance sheets for this matter. In the fourth quarter of fiscal 2016, $1,313 environmental remediation charge was recorded and included in selling, general and administrative expenses in the accompanying consolidated statement of income. In accordance with GAAP, management believes that the majority of costs incurred to remediate the site will be capitalized in preparing the property which is currently classified as held for sale. An appraisal of the fair value of the property by a third-party appraiser supports the assumption that the expected fair value after the remediation is in excess of the amount required to be capitalized. However, these matters, if resolved in a manner different from those assumed in current estimates, could have a material adverse effect on our financial condition, operating results and cash flows when resolved in a future reporting period.

In connection with the environmental remediation obligation for Arsynco, in July 2009, Arsynco entered into a settlement agreement with BASF Corporation (“BASF”), the former owners of the Arsynco property. In accordance with the settlement agreement, BASF paid for a portion of the prior remediation costs and going forward, will co-remediate the property with the Company. The contract requires that BASF pay $550 related to past response costs and pay a proportionate share of the future remediation costs. Accordingly, the Company had recorded a gain of $550 in fiscal 2009. This $550 gain relates to the partial reimbursement of costs of approximately $1,200 that the Company had previously expensed. The Company also recorded an additional receivable from BASF, with an offset against property held for sale, representing its estimated portion of the future remediation costs. The balance of this receivable for future remediation costs as of June 30, 2016 and 2015 is $5,639 and $4,985, respectively, which is included in the accompanying consolidated balance sheets.

4. In March 2006, Arsynco received notice from the EPA of its status as a PRP under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for a site described as the Berry’s Creek Study Area (“BCSA”). Arsynco is one of over 150 PRPs which have potential liability for the required investigation and remediation of the site. The estimate of the potential liability is not quantifiable for a number of reasons, including the difficulty in determining the extent of contamination and the length of time remediation may require. In addition, any estimate of liability must also consider the number of other PRPs and their financial strength. In July 2014, Arsynco received notice from the U.S. Department of Interior (“USDOI”) regarding the USDOI’s intent to perform a Natural Resource Damage (NRD) Assessment at the BCSA. Arsynco has to date declined to participate in the development and performance of the NRD assessment process. Based on prior practice in similar situations, it is possible that the State may assert a claim for natural resource damages with respect to the Arsynco site itself, and either the federal government or the State (or both) may assert claims against Arsynco for natural resource damages in connection with Berry's Creek; any such claim with respect to Berry's Creek could also be asserted against the approximately 150 PRPs which the EPA has identified in connection with that site. Any claim for natural resource damages with respect to the Arsynco site itself may also be asserted against BASF, the former owners of the Arsynco property. In September 2012, Arsynco entered into an agreement with three of the other PRPs that had previously been impleaded into New Jersey Department of Environmental Protection, et al. v. Occidental Chemical Corporation, et al., Docket No. ESX-L-9868-05 (the "NJDEP Litigation") and were considering impleading Arsynco into the same proceeding. Arsynco entered into an agreement to avoid impleader. Pursuant to the

agreement, Arsynco agreed to (1) a tolling period that would not be included when computing the running of any statute of limitations that might provide a defense to the NJDEP Litigation; (2) the waiver of certain issue preclusion defenses in the NJDEP Litigation; and (3) arbitration of certain potential future liability allocation claims if the other parties to the agreement are barred by a court of competent jurisdiction from proceeding against Arsynco. In July 2015, Arsynco was contacted by an allocation consultant retained by a group of the named PRPs, inviting Arsynco to participate in the allocation among the PRPs' investigation and remediation costs relating to the BCSA. Arsynco declined that invitation. Since the amount of the liability cannot be reasonably estimated at this time, no accrual is recorded for these potential future costs. The impact of the resolution of this matter on the Company's results of operations in a particular reporting period is not currently known.

In fiscal years 2011, 2009, 2008 and 2007, we received letters from the Pulvair Site Group, a group of potentially responsible parties (PRP Group) who are working with the State of Tennessee (the State) to remediate a contaminated property in Tennessee called the Pulvair site. The PRP Group has alleged that Aceto shipped hazardous substances to the site which were released into the environment. The State had begun administrative proceedings against the members of the PRP Group and Aceto with respect to the cleanup of the Pulvair site and the PRP Group has begun to undertake cleanup. The PRP Group is seeking a settlement of approximately $1,700 from us for our share to remediate the site contamination. Although we acknowledge that we shipped materials to the site for formulation over twenty years ago, we believe that the evidence does not show that the hazardous materials sent by Aceto to the site have significantly contributed to the contamination of the environment and thus believe that, at most, it is a de minimis contributor to the site contamination. Accordingly, we believe that the settlement offer is unreasonable. Management believes that the ultimate outcome of this matter will not have a material adverse effect on our financial condition or liquidity.

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Impact of New Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which will change certain aspects of accounting for share-based payments to employees. ASU 2016-09 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2016. The Company is currently evaluating the impact of the provisions of ASU 2016-09.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* that replaces existing lease guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet. The new guidance will continue to classify leases as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. ASU 2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASU 2016-02.

In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740) Balance Sheet Classification of Deferred Assets.* This ASU is intended to simplify the presentation of deferred taxes on the balance sheet and will require an entity to present all deferred tax assets and deferred tax liabilities as non-current on the balance sheet. Under the current guidance, entities are required to separately present deferred taxes as current or non-current. Netting deferred tax assets and deferred tax liabilities by tax jurisdiction will still be required under the new guidance. This guidance will be effective for Aceto beginning in the first quarter of fiscal 2018, with early adoption permitted. The Company does not believe this new accounting standard update will have a material impact on its consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations (Topic 805); Simplifying the Accounting for Measurement-Period Adjustments.* This ASU requires that an acquirer in a business combination recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustments amounts are determined. This is in contrast to existing guidance that requires retrospective adjustments to provisional amounts recognized in a business combination. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The Company does not believe that this updated standard will have a material impact on the Company's consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330) – Simplifying the Measurement of Inventory.* This ASU requires that an entity measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact of adopting this guidance.

In April 2015, the FASB issued ASU 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The FASB issued ASU 2015-03 to simplify the presentation of debt issuance costs related to a recognized debt liability to present the debt issuance costs as a direct deduction from the carrying value of the debt liability rather than showing the debt issuance costs as a deferred charge on the balance sheet. In August 2015, the FASB issued ASU 2015-15, *Interest—Imputation of Interest (Subtopic 835-30) Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements,* which clarified that debt issuance costs associated with line of credit arrangements may continue to be presented as an asset, regardless of whether there are any outstanding borrowings on the line of credit arrangement. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, with early adoption permitted. As previously discussed in Note 9, the Company adopted ASU 2015-03 during the second quarter of fiscal year 2016.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis.* ASU 2015-02 changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. ASU 2015-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. The Company believes the adoption of ASU 2015-02 will not have an impact on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40)*. This ASU provides guidance to determine when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. ASU 2014-15 will be effective for all entities in the first annual period ending after December 15, 2016. Earlier adoption is permitted. ASU 2014-15 will be effective for the Company beginning June 30, 2017. The Company does not believe that this pronouncement will have an impact on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* which is the new comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under U.S. GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In August 2015, the FASB subsequently issued ASU 2015-14, *Revenue from Contracts with Customers - Deferral of the Effective Date*, which approved a one year deferral of ASU 2014-09 for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. In March 2016 and April 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, and ASU 2016-10, *Revenue from Contracts with Customers - Identifying Performance Obligations and Licensing*, respectively, which further clarify the guidance related to those specific topics within ASU 2014-09. Additionally, in May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers - Narrow Scope Improvements and Practical Expedients,* to reduce the risk of diversity in practice for certain aspects in ASU 2014-09, including collectibility, noncash consideration, presentation of sales tax and transition. The Company has not determined the impact of adoption on its consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risk Sensitive Instruments

The market risk inherent in our market-risk-sensitive instruments and positions is the potential loss arising from adverse changes in investment market prices, foreign currency exchange-rates and interest rates.

Investment Market Price Risk

We had short-term investments of $881 at June 30, 2016 and $3,416 at June 30, 2015. Those short-term investments consisted of time deposits. Time deposits are short-term in nature and are accordingly valued at cost plus accrued interest, which approximates fair value.

Foreign Currency Exchange Risk

In order to reduce the risk of foreign currency exchange rate fluctuations, we hedge some of our transactions denominated in a currency other than the functional currencies applicable to each of our various entities. The instruments used for hedging are short-term foreign currency contracts (futures). The changes in market value of such contracts have a high correlation to price changes in the currency of the related hedged transactions. At June 30, 2016, we had foreign currency contracts outstanding that had a notional amount of $58,087. At June 30, 2015, our outstanding foreign currency contracts had a notional amount of $51,252. The difference between the fair market value of the foreign currency contracts and the related commitments at inception and the fair market value of the contracts and the related commitments at June 30, 2016, was not material.

We are subject to risk from changes in foreign exchange rates for our subsidiaries that use a foreign currency as their functional currency and are translated into U.S. dollars. These changes result in cumulative translation adjustments, which are included in accumulated other comprehensive income (loss). On June 30, 2016, we had translation exposure to various foreign currencies, with the most significant being the Euro. The potential loss as of June 30, 2016, resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates amounted to $8,143. On June 30, 2015, such potential loss amounted to $7,440. Actual results may differ.

Interest Rate Risk

Due to our financing, investing and cash-management activities, we are subject to market risk from exposure to changes in interest rates. We utilize a balanced mix of debt maturities along with both fixed-rate and variable-rate debt to manage our exposure to changes in interest rates. Our financial instrument holdings at year-end were analyzed to determine their sensitivity to interest rate changes. In this sensitivity analysis, we used the same change in interest rate for all maturities. All other factors were held constant. If there were an adverse change in interest rates of 10%, the expected effect on net income related to our financial instruments would be immaterial. However, there can be no assurances that interest rates will not significantly affect our results of operations.

In conjunction with the Credit Agreement, dated as of April 30, 2014, the Company entered into an interest rate swap on April 30, 2014 for an additional interest cost of 1.63% on a notional amount of $25,750, which had been designated as a cash flow hedge. The expiration date of this interest rate swap was April 30, 2019. In November 2015, the Company terminated the interest rate swap agreement resulting in a termination payment of $420, which is included in interest expense in the condensed consolidated statements of income for the year ended June 30, 2016. Pursuant to the requirements of the Credit Agreement, dated December 31, 2010, the Company was required to deliver Hedging Agreements (as defined in the agreement) fixing the interest rate on not less than $20,000 of the term loan at that time. Accordingly, in March 2011, the Company entered into an interest rate swap for an additional interest cost of 1.91% on a notional amount of $20,000, which had been designated as a cash flow hedge and which expired on December 31, 2015. Aceto’s interest rate swaps were previously classified within Level 2 as the fair value of this hedge was primarily based on observable interest rates.

Item 8. Financial Statements and Supplementary Data

The financial statements and supplementary data required by this Item 8 are set forth later in this report.

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

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officer, to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer, with assistance from other members of our management, have reviewed the effectiveness of our disclosure controls and procedures as of June 30, 2016 and, based on their evaluation, have concluded that the disclosure controls and procedures were effective as of such date.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the three months ended June 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our principal executive and principal financial officers, we assessed, as of June 30, 2016, the effectiveness of our internal control over financial reporting. This assessment was based on criteria established in the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment using those criteria, management concluded that our internal control over financial reporting as of June 30, 2016, was effective.

Our internal control over financial reporting as of June 30, 2016, has been audited by BDO USA, LLP, an independent registered public accounting firm, as stated in its report, which is included herein.

Internal control over financial reporting is defined as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Aceto Corporation

Port Washington, NY

We have audited Aceto Corporation and subsidiaries’ internal control over financial reporting as of June 30, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Aceto Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Aceto Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of June 30, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Aceto Corporation and subsidiaries as of June 30, 2016 and 2015, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended June 30, 2016 and our report dated August 26, 2016, expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Melville, New York
August 26, 2016

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Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders.

Item 11. Executive Compensation

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders.

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

The information required by this Item, not already provided under the table presented below, is incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders.

The following table states certain information with respect to our equity compensation plans at June 30, 2016:

Plan category	Number of securities to be issued upon	Weighted-average exercise price of outstanding	Number of securities remaining available for future issuance under

	exercise of outstanding options	options	equity compensation plans
Equity compensation plans approved by security holders	302	$ 7.19	4,424
Equity compensation plans not approved by security holders	-	-	-
Total	302	$ 7.19	4,424

Item 13. Certain Relationships and Related Transactions and Director Independence

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders.

Item 14. Principal Accounting Fees and Services

Incorporated herein by reference to our definitive proxy statement to be filed with the Securities and Exchange Commission with respect to our annual meeting of shareholders.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this Report:

(a) The financial statements listed in the Index to Consolidated Financial Statements are filed as part of this Annual Report on Form 10-K. All financial statement schedules have been included in the Consolidated Financial Statements or Notes thereto.

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(b) Exhibits

Exhibit Number	Description
2.1	Asset Purchase Agreement by and among Aceto Corporation, Sun Acquisition Corp., Rising Pharmaceuticals, Inc., Ronald Gold, and David B. Rosen, dated as of December 15, 2010 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K dated December 20, 2010).
2.2	Membership Interest Purchase Agreement, dated March 26, 2014, by and among PACK Pharmaceuticals, LLC, the Aschenbrand and O'Brien Family Trust, dated March 2001, Bryan Aschenbrand – Trustee, Dushyant Chipalkattty, Chris Dungan, Aceto Corporation, Rising Pharmaceuticals, Inc. and Chris Dungan, solely in his capacity as the representative of the Sellers (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K dated March 28, 2014).
2.3	Form of Lock-up Agreement (incorporated by reference to Exhibit 2.2 to our Current Report on Form 8-K dated March 28, 2014).
3.1	Amended and Restated Certification of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2015).
3.2	Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2015).
3.3	Aceto Corporation By-Laws, amended July 28, 2014 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated July 31, 2014).
4.1	Indenture, dated November 16, 2015 between ACETO Corporation and Citibank, N.A. (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K dated November 16, 2015).
4.2	Form of Global 2.00% Convertible Senior Note due 2020 (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K dated November 16, 2015).
10.1	Aceto Corporation 401(k) Retirement Plan, as amended and restated as of July 1, 2002 (incorporated by reference to Exhibit 10.1 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2004 (File Number: 000-04217, Film Number: 041025874)).
10.2	Supplemental Executive Retirement Plan, as amended and restated effective June 30, 2004 and frozen as of December 31, 2004 (incorporated by reference to Exhibit 10.2 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2004 (File Number: 000-04217, Film Number: 041025874)).
10.3	Aceto Corporation Stock Option Plan (as Amended and Restated effective as of September 19, 1990) (incorporated by reference to Exhibit 10.3 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2010).

10.4	1998 Omnibus Equity Award Plan (incorporated by reference to Exhibit 10(v) (c) to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1999 (File Number: 000-04217, Film Number: 99718824)).
10.5	2002 Stock Option Plan (incorporated by reference to Exhibit 4(i) to Registration Statement No. 333-110653 on Form S-8).
10.6	Supplemental Executive Deferred Compensation Plan, effective March 14, 2005 (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on March 17, 2005 (File Number: 000-04217, Film Number: 05688328)).
10.7	2007 Long-Term Performance Incentive Plan (incorporated by reference to Exhibit 4(i) to Registration Statement No. 333-149586 on Form S-8).

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10.8	Supplemental Executive Deferred Compensation Plan, amended and restated effective December 8, 2008 (incorporated by reference to Exhibit 10.22 to the Company’s annual report on Form 10-K for the year ended June 30, 2009).
10.9	Purchase and Sale Agreement among Schweizerhall Holding AG, Chemische Fabrik Schweizerhall, Schweizerhall, Inc., Aceto Corporation and Aceto Holding B.V., I.O., dated as of January 28, 2001 (incorporated by reference to Exhibit 2.1 to the Company’s current report on Form 8-K filed with the Securities and Exchange Commission on April 4, 2001 (File Number: 000-04217, Film Number: 1595350)).
10.10	Form of purchase agreement between Shanghai Zhongjin Real Estate Development Company Limited and Aceto (Hong Kong) Limited, dated November 10, 2004 (incorporated by reference to Exhibit 10.1 to the Company’s quarterly report on Form 10-Q for the quarter ended December 31, 2004 (File Number: 000-04217, Film Number: 05588472)).
10.11	Guarantee by Aceto Corporation and subsidiaries in favor of Deutsche Bank, AG, dated March 22, 2001 (incorporated by reference to Exhibit 10.13 to the Company’s annual report on Form 10-K for the year ended June 30, 2001 (File Number: 000-04217, Film Number: 1748270)).
10.12	Reaffirmation Agreement by Aceto Corporation, Aceto Agricultural Chemicals Corporation, CDC Products Corporation, Aceto Pharma Corp., Aceto Realty LLC, Acci Realty Corp. and Arsynco Inc., dated as of April 23, 2010 (incorporated by reference to Exhibit 10.3 to the Company’s current report on Form 8-K filed with the Securities and Exchange Commission on April 28, 2010).
10.13	First Amendment to Asset Purchase Agreement, dated as of December 31, 2010, by and among Aceto Corporation, Sun Acquisition Corp., Rising Pharmaceuticals, Inc., Ronald Gold and David B. Rosen (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated January 5, 2011).
10.14	Aceto Corporation 2010 Equity Participation Plan (incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A filed on October 13, 2010).
10.15	Aceto Corporation Severance Policy (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated January 17, 2012).
10.16	Consulting Agreement by and between Aceto Corporation and Michael Feinman (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated July 3, 2012).
10.17	Aceto Corporation Executive Performance Award Plan (incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A filed on October 18, 2012).
10.18	Amended and Restated Aceto Corporation 2010 Equity Participation Plan (incorporated by reference to Appendix B to our Definitive Proxy Statement on Schedule 14A filed on October 18, 2012).
10.19	Second Amendment, dated as of December 21, 2012, to Asset Purchase Agreement, dated as of December 15, 2010, by and among Aceto Corporation, Rising Pharmaceuticals, Inc., Pearl Ventures Inc., Ronald Gold and David B. Rosen (incorporated by reference to Exhibit 10.3 to the Company’s quarterly report on Form 10-Q for the quarter ended December 31, 2012).

10.20 Enhanced Severance Protection Letter Agreement, dated April 3, 2013 between Aceto Corporation and Douglas Roth (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated April 5, 2013).

10.21 Aceto Corporation 2013 Senior Executive Retirement Plan (incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2013).

10.22 Note Modification Agreement, dated October 21, 2013, between Aceto Realty LLC and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2013).

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10.23	Amendment No. 1, dated as of December 26, 2013 to the Change in Control Agreement, dated as of July 2, 2012, by and between Aceto Corporation and Salvatore J. Guccione (incorporated by reference to Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2013).
10.24	Commitment Letter dated March 26, 2014, by and among, Aceto Corporation and the Lead Arrangers and Commitment Lenders (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated March 28, 2014).
10.25	Credit Agreement, dated as of April 30, 2014, by and among Aceto Corporation, JPMorgan Chase Bank, N.A. as Administrative Agent, Wells Fargo, as Syndication Agent, and the Lenders (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated May 2, 2014).
10.26	Employment Agreement, effective as of January 1, 2015, between Aceto Corporation and Salvatore Guccione (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated December 18, 2014).
10.27	Change in Control Agreement by and between Aceto Corporation and Terry Kippley, dated as of November 5, 2014 (incorporated by reference to Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2014).
10.28	Change in Control Agreement by and between Aceto Corporation and Carlos Restrepo, dated as of November 5, 2014 (incorporated by reference to Exhibit 10.3 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2014).
10.29	Change in Control Agreement by and between Aceto Corporation and Salvatore Guccione (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated February 18, 2015).
10.30	Change in Control Agreement by and between Aceto Corporation and Albert L. Eilender (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated February 18, 2015).
10.31	Change in Control Agreement by and between Aceto Corporation and Douglas Roth (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated February 18, 2015).
10.32	Change in Control Agreement by and between Aceto Corporation and Frank DeBenedittis (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated February 18, 2015).
10.33	Change in Control Agreement by and between Aceto Corporation and Satish Srinivasan (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated February 18, 2015).
10.34	Change in Control Agreement by and between Aceto Corporation and Charles J. Alaimo, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.6 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.35	Change in Control Agreement by and between Aceto Corporation and Raymond B. Bartone, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.7 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).

10.36	Change in Control Agreement by and between Aceto Corporation and Terry Kippley, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.8 to the Company’s quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.37	Change in Control Agreement by and between Aceto Corporation and Carlos Restrepo, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.9 to the Company’s quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.38	Change in Control Agreement by and between Aceto Corporation and Steven S. Rogers, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.10 to the Company’s quarterly report on Form 10-Q for the quarter ended March 31, 2015).

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10.39	Change in Control Agreement by and between Aceto Corporation and Nicholas I. Shackley, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.11 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.40	Amendment No. 1, dated as of June 25, 2015, to the Credit Agreement, dated as of April 30, 2014, by and among Aceto Corporation, JPMorgan Chase Bank, N.A. as Administrative Agent and the Lenders (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated June 25, 2015).
10.41	Aceto Corporation 2015 Equity Participation Plan (incorporated by reference to Appendix B to our Definitive Proxy Statement on Schedule 14A filed on October 26, 2015).
10.42	Amended and Restated Credit Agreement, dated as of October 28, 2015, by and among Aceto Corporation, the other loan parties thereto, JPMorgan Chase Bank N.A., as administrative agent, Wells Fargo Bank, National Association, as syndication agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated October 28, 2015).
10.43	Purchase Agreement, dated November 10, 2015, by and among ACETO Corporation and Wells Fargo Securities, LLC and J.P. Morgan Securities LLC, as representatives of the initial purchasers named therein (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated November 12, 2015).
10.44	Convertible Note Hedge Confirmation, dated November 10, 2015, between ACETO Corporation and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated November 12, 2015).
10.45	Convertible Note Hedge Confirmation, dated November 10, 2015, between ACETO Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated November 12, 2015).
10.46	Warrant Confirmation, dated November 10, 2015, between ACETO Corporation and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated November 12, 2015).
10.47	Warrant Confirmation, dated November 10, 2015, between ACETO Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated November 12, 2015).
10.48	Amendment No. 1 to the Amended and Restated Credit Agreement, dated as of October 28, 2015, by and among Aceto Corporation, the other loan parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, Wells Fargo Bank, National Association, as syndication agent, and the lenders party thereto (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K dated November 12, 2015).
10.49	Additional Convertible Note Hedge Confirmation, dated November 18, 2015, between Aceto Corporation and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated November 23, 2015).
10.50	Additional Convertible Note Hedge Confirmation, dated November 18, 2015, between Aceto Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.2 to our Current Report

on Form 8-K dated November 23, 2015).

10.51	Additional Warrant Confirmation, dated November 18, 2015, between Aceto Corporation and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated November 23, 2015).
10.52	Additional Warrant Confirmation, dated November 18, 2015, between Aceto Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated November 23, 2015).
10.53	Letter Agreement between Aceto Corporation and Walter J. Kaczmarek III (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated July 18, 2016).

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10.54	Change in Control Agreement by and between Aceto Corporation and Walter J. Kaczmarek III (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated July 18, 2016).
21*	Subsidiaries of the Company.
23*	Consent of BDO USA, LLP.
31.1*	Certifications of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certifications of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certifications of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Furnished herewith

Item 16. Form 10-K Summary

None

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ACETO CORPORATION AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

All other schedules are omitted because they are not required or the information required is given in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Aceto Corporation

Port Washington, NY

We have audited the accompanying consolidated balance sheets of Aceto Corporation and subsidiaries as of June 30, 2016 and 2015 and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 2016. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule listed in the accompanying index. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aceto Corporation and subsidiaries at June 30, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2016, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), Aceto Corporation and subsidiaries’ internal control over financial reporting as of June 30, 2016, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated August 26, 2016 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Melville, New York

August 26, 2016

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ACETO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF JUNE 30, 2016 AND 2015

(in thousands, except per-share amounts)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$66,828	$34,020
Investments	881	3,416
Trade receivables: less allowance for doubtful accounts (2016, $513; 2015, $691)	167,612	161,521
Other receivables	12,650	10,611
Inventory	98,107	95,596
Prepaid expenses and other current assets	3,339	3,096
Deferred income tax asset, net	3,244	2,050
Total current assets	352,661	310,310
Property and equipment, net	10,044	10,456
Property held for sale	6,868	6,574
Goodwill	67,871	67,870
Intangible assets, net	79,071	78,997
Deferred income tax asset, net	18,053	9,972
Other assets	6,210	5,595
TOTAL ASSETS	$540,778	$489,774
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$197	$10,197
Accounts payable	46,034	54,962
Accrued expenses	52,675	59,841
Total current liabilities	98,906	125,000
Long-term debt	118,592	99,960
Long-term liabilities	6,344	7,542
Environmental remediation liability	3,352	2,995
Deferred income tax liability	9,142	66
Total liabilities	236,336	235,563
Commitments and contingencies (Note 16)		
Shareholders' equity:		

Preferred stock, 2,000 shares authorized; no shares issued and outstanding	-	-
Common stock, $.01 par value, 75,000 shares authorized at June 30, 2016 and 40,000 shares authorized at June 30, 2015; 29,595 and 29,147 shares issued and outstanding at June 30, 2016 and 2015, respectively	296	292
Capital in excess of par value	115,667	93,807
Retained earnings	194,804	167,208
Accumulated other comprehensive loss	(6,325)	(7,096)
Total shareholders' equity	304,442	254,211
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$540,778	$489,774

See accompanying notes to consolidated financial statements.

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ACETO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

	2016	2015	2014
Net sales	$558,524	$546,951	$510,179
Cost of sales	415,739	411,517	395,476
Gross profit	142,785	135,434	114,703
Selling, general and administrative expenses	76,820	73,159	65,209
Research and development expenses	7,937	5,942	5,222
Operating income	58,028	56,333	44,272
Other (expense) income:			
Interest expense	(6,997)	(3,954)	(2,100)
Interest and other income, net	2,823	1,486	2,502
	(4,174)	(2,468)	402
Income before income taxes	53,854	53,865	44,674
Provision for income taxes	19,088	20,382	15,674
Net income	$34,766	$33,483	$29,000
Basic income per common share	$1.19	$1.17	$1.04
Diluted income per common share	$1.18	$1.14	$1.02
Weighted average shares outstanding:			
Basic	29,110	28,731	28,001
Diluted	29,581	29,247	28,563

See accompanying notes to consolidated financial statements.

ACETO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands)

	2016	2015	2014
Net income	$34,766	$33,483	$29,000
Other comprehensive income (loss):			
Foreign currency translation adjustments	368	(12,354)	2,609
Change in fair value of interest rate swaps	(149)	99	(179)
Reclassification for realized loss on interest rate swap included in interest expense	487	-	-
Defined benefit plans, net of tax of $31, $100 and $19 respectively	65	(213)	40
Total other comprehensive income (loss)	771	(12,468)	2,470
Comprehensive income	$35,537	$21,015	$31,470

See accompanying notes to consolidated financial statements.

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ACETO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands)

	2016	2015	2014
Operating activities:			
Net income	$34,766	$33,483	$29,000
Adjustments to reconcile net income to net cash provided by operating activities:		-	-
Depreciation and amortization	12,698	11,849	8,091
Amortization of debt issuance costs and debt discount	3,496	-	-
Provision for doubtful accounts	76	484	8
Non-cash stock compensation	6,719	4,537	3,156
Deferred income taxes	(18)	(1,874)	(3,083)
Earnings on equity investment in joint venture	(2,060)	(1,761)	(2,024)
Contingent consideration	(1,074)	(3,468)	-
Environmental remediation charge	1,313	1,618	-
Changes in assets and liabilities:			
Trade receivables	(6,149)	(44,181)	(19,400)
Other receivables	136	(5,644)	1,353
Inventory	(2,489)	(229)	(7,764)
Prepaid expenses and other current assets	(243)	304	(232)
Other assets	(557)	1,254	57
Accounts payable	(8,937)	8,133	5,216
Accrued expenses and other liabilities	(7,689)	1,816	8,868
Distributions from joint venture	1,843	2,022	1,810
Net cash provided by operating activities	31,831	8,343	25,056
Investing activities:			
Payment for net assets of businesses acquired	-	-	(86,140)
Purchases of investments	(34)	(2,720)	(108)
Sales of investments	2,517	-	1,506
Payments for intangible assets	(11,249)	(1,564)	(746)
Purchases of property and equipment, net	(1,128)	(617)	(1,145)
Net cash used in investing activities	(9,894)	(4,901)	(86,633)
Financing activities:			
Proceeds from exercise of stock options	729	1,273	3,655
Excess income tax benefit on stock option exercises and restricted stock	1,219	790	1,752
Payment of cash dividends	(7,084)	(6,964)	(6,806)
Payment of deferred consideration	-	(3,500)	(1,500)

Payment of contingent consideration	(1,500)	(4,500)	-
Proceeds from convertible senior notes	143,750	-	-
Payment for debt issuance costs	(5,153)	-	-
Proceeds from sold warrants	13,685	-	-
Purchase of call option (hedge)	(27,174)	-	-
Termination payment for interest rate swap	(420)	-	-
Borrowings of bank loans	15,500	19,000	114,145
Repayment of bank loans	(122,697)	(14,344)	(40,713)
Net cash provided by (used in) financing activities	10,855	(8,245)	70,533
Effect of foreign exchange rate changes on cash	16	(4,074)	710
Net increase (decrease) in cash and cash equivalents	32,808	(8,877)	9,666
Cash and cash equivalents at beginning of period	34,020	42,897	33,231
Cash and cash equivalents at end of period	$66,828	$34,020	$42,897

See accompanying notes to consolidated financial statements.

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ACETO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

	Common Stock		Capital in Excess of	Retained	Accumulated Other Comprehensive	
	Shares	Amount	Par Value	Earnings	Income (Loss)	Total
Balance at June 30, 2013	27,831	$ 278	$ 72,845	$ 118,615	$ 2,902	$ 194,640
Net income	-	-	-	29,000	-	29,000
Other comprehensive income	-	-	-	-	2,470	2,470
Stock issued pursuant to employee stock incentive plans	7	-	93	-	-	93
Issuance of restricted stock, including dividends and net of forfeitures	282	3	(3)	-	-	-
Stock issued in connection with the PACK acquisition	260	3	5,682	-	-	5,685
Dividends declared ($0.24 per share)	-	-	-	(6,847)	-	(6,847)
Share-based compensation	-	-	3,136	-	-	3,136
Exercise of stock options	392	4	3,651	-	-	3,655
Tax benefit from employee stock incentive plans	-	-	1,752	-	-	1,752
Balance at June 30, 2014	28,772	$ 288	$ 87,156	$ 140,768	$ 5,372	$ 233,584
Net income	-	-	-	33,483	-	33,483
Other comprehensive loss	-	-	-	-	(12,468)	(12,468)
Stock issued pursuant to employee stock incentive plans	5	-	77	-	-	77
Issuance of restricted stock, including dividends and net of forfeitures	224	2	(2)	-	-	-
Dividends declared ($0.24 per share)	-	-	-	(7,043)	-	(7,043)
Share-based compensation	-	-	4,515	-	-	4,515
Exercise of stock options	146	2	1,271	-	-	1,273
Tax benefit from employee stock incentive plans	-	-	790	-	-	790
Balance at June 30, 2015	29,147	$ 292	$ 93,807	$ 167,208	$ (7,096)	$ 254,211
Net income	-	-	-	34,766	-	34,766
Other comprehensive income	-	-	-	-	771	771
Stock issued pursuant to employee stock incentive plans	7	-	113	-	-	113

Issuance of restricted stock, net of forfeitures	346	3	(3)	-	-	-
Sale of warrants	-	-	13,685	-	-	13,685
Purchase of call option (hedge)	-	-	(27,174)	-	-	(27,174)
Allocation of proceeds from convertible senior notes	-	-	27,241	-	-	27,241
Equity component of debt issuance costs	-	-	(976)	-	-	(976)
Deferred taxes related to convertible senior notes	-	-	330	-	-	330
Dividends declared ($0.24 per share)	-	-	-	(7,170)	-	(7,170)
Share-based compensation	-	-	6,697	-	-	6,697
Exercise of stock options	95	1	728	-	-	729
Tax benefit from employee stock incentive plans	-	-	1,219	-	-	1,219
Balance at June 30, 2016	29,595	$ 296	$ 115,667	$ 194,804	$ (6,325)	$ 304,442

See accompanying notes to consolidated financial statements.

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ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

(1) Description of Business

Aceto Corporation and subsidiaries ("Aceto" or the "Company") is primarily engaged in the sourcing, regulatory support, quality assurance, marketing, sales and distribution of finished dosage form generics, nutraceutical products, pharmaceutical intermediates and active ingredients, agricultural protection products and specialty chemicals used principally as finished products or raw materials in the pharmaceutical, nutraceutical, agricultural, coatings and industrial chemical consuming industries.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiaries. All significant inter-company balances and transactions are eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in those financial statements and the disclosure of contingent assets and liabilities at the date of the financial statements. These judgments can be subjective and complex, and consequently actual results could differ from those estimates and assumptions. The Company's most critical accounting policies relate to revenue recognition; allowance for doubtful accounts; inventory; goodwill and other indefinite-life intangible assets; long-lived assets; environmental matters and other contingencies; income taxes; and stock-based compensation.

Cash Equivalents

The Company considers all highly liquid debt instruments with original maturities at the time of purchase of three months or less to be cash equivalents. Included in cash equivalents as of June 30, 2016 and June 30, 2015 is $104 and $58, respectively, of restricted cash.

Investments

The Company classifies investments in marketable securities as trading, available-for-sale or held-to-maturity at the time of purchase and periodically re-evaluates such classifications. Trading securities are carried at fair value, with unrealized holding gains and losses included in earnings. Held-to-maturity securities are recorded at cost and are adjusted for the amortization or accretion of premiums or discounts over the life of the related security. Unrealized holding gains and losses on available-for-sale securities are excluded from earnings and are reported as a separate component of accumulated other comprehensive income (loss) until realized. In determining realized gains and losses, the cost of securities sold is based on the specific identification method. Interest and dividends on the investments are accrued at the balance sheet date.

Inventory

Inventory, which consists principally of finished goods, are stated at the lower of cost (first-in first-out method) or market. The Company writes down its inventory for estimated excess and obsolete goods by an amount equal to the difference between the carrying cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions.

Environmental and Other Contingencies

The Company establishes accrued liabilities for environmental matters and other contingencies when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable. If the contingency is resolved for an amount greater or less than the accrual, or the Company’s share of the contingency increases or decreases, or other assumptions relevant to the development of the estimate were to change, the Company would recognize an additional expense or benefit in the consolidated statements of income in the period such determination was made.

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

Pension Benefits

In connection with certain historical acquisitions in Germany, the Company assumed defined benefit pension plans covering certain employees who meet certain eligibility requirements. The net pension benefit obligations recorded and the related periodic costs are based on, among other things, assumptions of the discount rate, estimated return on plan assets, salary increases and the mortality of participants. The obligation for these claims and the related periodic costs are measured using actuarial techniques and assumptions. Actuarial gains and losses are deferred and amortized over future periods. The Company's plans are funded in conformity with the funding requirements of applicable government regulations.

Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss as of June 30, 2016 and 2015 are as follows:

	2016	2015
Cumulative foreign currency translation adjustments	$(6,120)	$(6,488)
Fair value of interest rate swaps	-	(338)
Defined benefit plans, net of tax	(205)	(270)
Total	$(6,325)	$(7,096)

The foreign currency translation adjustments for the year ended June 30, 2016 primarily relate to the fluctuation of the conversion rate of the Euro. The currency translation adjustments are not adjusted for income taxes as they relate to indefinite investments in non-US subsidiaries.

Common Stock

At the annual meeting of shareholders of the Company, held on December 15, 2015, the Company’s shareholders approved the proposal to amend Aceto’s Certificate of Incorporation to increase the total number of authorized shares of common stock from 40,000 shares to 75,000 shares.

Cash dividends of $0.06 per common share were paid in September, December, March and June of fiscal years 2016, 2015 and 2014. On August 25, 2016, the Company's board of directors declared a regular quarterly dividend of $0.065 per share to be distributed on September 20, 2016 to shareholders of record as of September 9, 2016.

On May 8, 2014, the Board of Directors of the Company authorized the continuation of the Company’s stock repurchase program, expiring in May 2017. Under the stock repurchase program, the Company is authorized to purchase up to 5,000 shares of common stock in open market or private transactions, at prices not to exceed the market value of the common stock at the time of such purchase. The Company did not repurchase shares in fiscal 2016 or fiscal 2015.

The Board of Directors has authority under the Company’s Restated Certificate of Incorporation to issue shares of preferred stock with voting and other relative rights to be determined by the Board of Directors.

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

Stock-based Compensation

GAAP requires that all stock-based compensation be recognized as an expense in the financial statements and that such costs be measured at the fair value of the award. GAAP also requires that excess tax benefits related to stock option exercises be reflected as financing cash inflows.

All restricted stock grants include a service requirement for vesting. The Company has also granted restricted stock units that include either a performance or market condition. The fair value of restricted stock unit with either solely a service requirement or with the combination of service and performance requirements is based on the closing fair market value of Aceto's common stock on the date of grant. The fair value of market condition-based awards is estimated at the date of grant using a binomial lattice model or Monte Carlo Simulation. All models incorporate various assumptions such as the risk-free interest rate, expected volatility, expected dividend yield and expected life of the awards. Stock-based compensation expense is recognized on a straight-line basis over the service period or over our best estimate of the period over which the performance condition will be met, as applicable.

Revenue Recognition

The Company recognizes revenue from product sales at the time of shipment and passage of title and risk of loss to the customer. The Company has no acceptance or other post-shipment obligations and does not offer product warranties or services to its customers.

Sales are recorded net of estimated returns of damaged goods from customers, which historically have been immaterial, and sales incentives offered to customers. Sales incentives include volume incentive rebates. The Company records volume incentive rebates based on the underlying revenue transactions that result in progress by the customer in earning the rebate.

The Company has arrangements with various third parties, such as drug store chains and managed care organizations, establishing prices for its finished dosage form generics. While these arrangements are made between Aceto and its customers, the customers independently select a wholesaler from which they purchase the products. Alternatively, certain wholesalers may enter into agreements with the customers, with the Company's concurrence, which establishes the pricing for certain products which the wholesalers provide. Upon each sale of finished dosage form generics, estimates of chargebacks, rebates, returns, government reimbursed rebates, sales discounts and other adjustments are made. These estimates are based on historical experience, future expectations, contractual arrangements with wholesalers and indirect customers, and other factors known to management at the time of accrual. These estimates are recorded as reductions to gross revenues, with corresponding adjustments either as a reduction of accounts receivable or as a liability for price concessions.

Under certain arrangements, Aceto will issue a credit (referred to as a "chargeback") to the wholesaler for the difference between the invoice price to the wholesaler and the customer's contract price. As sales to the large wholesale customers increase or decrease, the reserve for chargebacks will also generally increase or decrease. The provision for chargebacks varies in relation to changes in sales volume, product mix, pricing and the level of inventory at the wholesalers. The Company continually monitors the reserve for chargebacks and makes adjustments when management believes that expected chargebacks may differ from the actual chargeback reserve.

The Company estimates its provision for returns of finished dosage generics based on historical experience, product expiration dates, changes to business practices, credit terms and any extenuating circumstances known to management. While historical experience has allowed for reasonable estimations in the past, future returns may or may not follow historical trends. The Company continually monitors the reserve for returns and makes adjustments when management believes that actual product returns may differ from the established reserve. Generally, the reserve for returns increases as net sales increase.

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

Government rebate accruals are based on estimated payments due to governmental agencies for purchases made by third parties under various governmental programs. Other rebates are offered to the Company's key chain drug store, distributor and wholesaler customers to promote customer loyalty and increase product sales. These rebate programs provide customers with credits upon attainment of pre-established volumes or attainment of net sales milestones for a specified period. Other promotional programs are incentive programs offered to the customers. The Company provides a provision for government reimbursed rebates and other rebates at the time of sale based on contracted rates and historical redemption rates. Assumptions used to establish the provision include level of customer inventories, contract sales mix and average contract pricing. Aceto regularly reviews the information related to these estimates and adjusts the provision accordingly.

Sales discount accruals are based on payment terms extended to customers.

The following table summarizes activity in the consolidated balance sheet for contra assets and liability for price concessions for the years ended June 30, 2016, 2015 and 2014:

	Accruals for Chargebacks, Returns and Other Allowances				
	Chargebacks	Returns	Government Reimbursed Rebates	Other Rebates	Sales Discounts
Balance at June 30, 2013	$ 3,007	$ 8,092	$ 502	$ 1,545	$ -
Current year provision	60,469	17,312	2,503	20,811	4,339
Credits issued during the year	(52,490)	(5,155)	(2,000)	(18,726)	(3,649)
Balance at June 30, 2014	$ 10,986	$ 20,249	$ 1,005	$ 3,630	$ 690
Current year provision	208,965	21,403	4,259	36,923	9,381
Credits issued during the year	(187,784)	(10,960)	(4,326)	(36,218)	(7,389)
Balance at June 30, 2015	$ 32,167	$ 30,692	$ 938	$ 4,335	$ 2,682
Current year provision	247,186	7,618	5,124	90,915	10,267
Credits issued during the year	(256,638)	(15,482)	(4,750)	(88,048)	(10,526)
Balance at June 30, 2016	$ 22,715	$ 22,828	$ 1,312	$ 7,202	$ 2,423

Credits issued during a given period represent cash payments or credit memos issued to the Company's customers as settlement for the related reserve. Management has the experience and access to relevant information that it believes is necessary to reasonably estimate the amounts of such deductions from gross revenues. The Company regularly reviews the information related to these estimates and adjusts its reserves accordingly, if and when actual experience differs from previous estimates. The Company has not experienced any significant changes in its estimates as it relates to its chargebacks, rebates or sales discounts in each of the years in the three year period ended June 30, 2016. During the year ended June 30, 2015, the Company recorded $3,497 in additional gross profit related to a change in estimate for product returns due to the most recent returns experience. The Company had not experienced any significant changes in its estimates as it relates to its product returns during the years ended June 30, 2016 and June 30, 2014.

Partnered Products

The Company has various products that are subject to one of two types of collaborative arrangements with certain pharmaceutical companies. One type of arrangement relates to the Company's Rising subsidiary acting strictly as a distributor and purchasing products at arm's length; in that type of arrangement, there is no profit sharing element. The second type of collaborative arrangement results in a profit sharing agreement between Rising and a developer and/or manufacturer of a finished dosage form generic drug. Both types of collaborative arrangements are conducted in the ordinary course of Rising's business. The nature and purpose of both of these arrangements is for the Company to act as a distributor of finished dose products to its customers. Under these arrangements, the Company maintains distribution rights with respect to specific drugs within the U.S. marketplace. Generally, the distribution rights are exclusive rights in the territory. In certain arrangements, Rising is required to maintain service level minimums including, but not limited to, market share and purchase levels, in order to preserve the exclusive rights. The Company's accounting policy with respect to these collaborative arrangements calls for the Company to present the sales and associated costs on a gross basis, with the amounts of the shared profits earned by the pharmaceutical companies on sales of these products, if applicable, included in cost of sales in the consolidated statements of income. The shared profits are settled on a quarterly basis. For each of the fiscal years 2016, 2015 and 2014, there was approximately $41,036, $51,352 and $26,972 respectively, of shared profits included in cost of sales, related to these types of collaborative arrangements. In the case of a collaborative arrangement where Rising solely acts as a distributor and purchases product at arm's length, the costs of those purchases are included as a cost of sales similar to any other purchase arrangement.

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

Shipping and Handling Fees and Costs

All amounts billed to a customer in a sales transaction related to shipping and handling represent revenues earned and are included in net sales. The costs incurred by the Company for shipping and handling are reported as a component of cost of sales. Cost of sales also includes inbound freight, receiving, inspection, warehousing, distribution network, and customs and duty costs.

Net Income Per Common Share

Basic income per common share is based on the weighted average number of common shares outstanding during the period. Diluted income per common share includes the dilutive effect of potential common shares outstanding. The following table sets forth the reconciliation of weighted average shares outstanding and diluted weighted average shares outstanding for the fiscal years ended June 30, 2016, 2015 and 2014:

	2016	2015	2014
Weighted average shares outstanding	29,110	28,731	28,001
Dilutive effect of stock options and restricted stock awards and units	471	516	562
Diluted weighted average shares outstanding	29,581	29,247	28,563

The Convertible Senior Notes (see Note 9) will only be included in the dilutive net income per share calculations using the treasury stock method during periods in which the average market price of Aceto's common stock is above the applicable conversion price of the Convertible Senior Notes, or $33.215 per share, and the impact would not be anti-dilutive.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight line method over the estimated useful lives of the related asset. The Company allocates depreciation and amortization to cost of sales. Expenditures for improvements that extend the useful life of an asset are capitalized. Ordinary repairs and maintenance are expensed as incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any related gains or losses are included in income.

The components of property and equipment were as follows:

	June 30, 2016	June 30, 2015	Estimated useful life (years)
Machinery and equipment	$ 405	$ 401	3-7
Leasehold improvements	1,056	1,065	Shorter of asset life or lease term
Computer equipment and software	6,048	5,233	3-5
Furniture and fixtures	2,365	2,472	5-10
Automobiles	184	185	3
Building	8,690	8,682	20
Land	1,960	1,970	-
	20,708	20,008	
Accumulated depreciation and amortization	10,664	9,552	
	$ 10,044	$ 10,456	

Property held for sale represents land and land improvements of $6,868 and $6,574 at June 30, 2016 and 2015, respectively. See Note 8, “Environmental Remediation” for further discussion on property held for sale.

Depreciation and amortization of property and equipment amounted to $1,522, $1,571 and $1,430 for the years ended June 30, 2016, 2015, and 2014 respectively.

Goodwill and Other Intangibles

Goodwill is calculated as the excess of the cost of purchased businesses over the fair value of their underlying net assets. Other intangible assets principally consist of customer relationships, license agreements, technology-based intangibles, EPA registrations and related data, trademarks and product rights and related intangibles. Goodwill and other intangible assets that have an indefinite life are not amortized.

In accordance with GAAP, the Company tests goodwill and other intangible assets for impairment on at least an annual basis. Goodwill impairment exists if the net book value of a reporting unit exceeds its estimated fair value. Initially, an assessment of qualitative factors is conducted in order to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines that it is more likely than not that its carrying amount is greater than its fair value for a reporting unit, then it proceeds with the subsequent two-step process: (i) the Company determines impairment by comparing the fair value of a reporting unit with its carrying value, and (ii) if there is an impairment, the Company measures the amount of impairment loss by comparing the implied fair value of goodwill with the carrying amount of that goodwill. To determine the fair value of these intangible assets, the Company uses many assumptions and estimates using a market participant approach that directly impact the results of the testing. In making these assumptions and estimates, the Company uses industry accepted valuation models and set criteria that are reviewed and approved by various levels of management. The Company has the option to bypass the initial qualitative assessment stage and proceed directly to perform step one of the two-step process. In fiscal 2016, the Company performed a qualitative assessment and in fiscal 2015, the Company performed step one of the two-step process.

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of

Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. Recoverability of assets held for sale is measured by comparing the carrying amount of the assets to their estimated fair value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Accounting for Derivatives and Hedging Activities

The Company accounts for derivatives and hedging activities under the provisions of GAAP which establishes accounting and reporting guidelines for derivative instruments and hedging activities. GAAP requires the recognition of all derivative financial instruments as either assets or liabilities in the statement of financial condition and measurement of those instruments at fair value. Changes in the fair values of those derivatives are reported in earnings or other comprehensive income depending on the designation of the derivative and whether it qualifies for hedge accounting. The accounting for gains and losses associated with changes in the fair value of a derivative and the effect on the consolidated financial statements depends on its hedge designation and whether the hedge is highly effective in achieving offsetting changes in the fair value or cash flows of the asset or liability hedged. The method that is used for assessing the effectiveness of a hedging derivative, as well as the measurement approach for determining the ineffective aspects of the hedge, is established at the inception of the hedged instrument.

The Company operates internationally, therefore its earnings, cash flows and financial positions are exposed to foreign currency risk from foreign-currency-denominated receivables and payables, which, in the U.S., have been denominated in various foreign currencies, including, among others, Euros, British Pounds, Japanese Yen, Singapore Dollars and Chinese Renminbi and at certain foreign subsidiaries in U.S. dollars and other non-local currencies.

Management believes it is prudent to minimize the risk caused by foreign currency fluctuation. Management minimizes the currency risk on its foreign currency receivables and payables by purchasing foreign currency contracts (futures) with one of its financial institutions. Futures are traded on regulated U.S. and international exchanges and represent commitments to purchase or sell a particular foreign currency at a future date and at a specific price. Since futures are purchased for the amount of the foreign currency receivable or for the amount of foreign currency needed to pay for specific purchase orders, and the futures mature on the due date of the related foreign currency vendor invoices or customer receivables, the Company believes that it eliminates risks relating to foreign currency fluctuation. The Company takes delivery of all futures to pay suppliers in the appropriate currency. The gains or losses for the changes in the fair value of the foreign currency contracts are recorded in cost of sales (sales) and offset the gains or losses associated with the impact of changes in foreign exchange rates on trade payables (receivables) denominated in foreign currencies. Senior management and members of the financial department continually monitor foreign currency risks and the use of this derivative instrument.

In conjunction with the Credit Agreement, dated as of April 30, 2014, the Company entered into an interest rate swap on April 30, 2014 for a notional amount of $25,750, which had been designated as a cash flow hedge. The expiration date of this interest rate swap was April 30, 2019. In November 2015, the Company terminated the interest rate swap agreement resulting in a termination payment of $420. Pursuant to the requirements of the Credit Agreement, dated December 31, 2010, the Company was required to deliver Hedging Agreements (as defined in the agreement) fixing the interest rate on not less than $20,000 of the term loan at that time. Accordingly, in March 2011, the Company entered into an interest rate swap for a notional amount of $20,000, which had been designated as a cash flow hedge and which expired on December 31, 2015.

Foreign Currency

The financial statements of the Company’s foreign subsidiaries are translated into U.S. dollars in accordance with GAAP. Where the functional currency of a foreign subsidiary is its local currency, balance sheet accounts are translated at the current exchange rate and income statement items are translated at the average exchange rate for the period. Exchange gains or losses resulting from the translation of financial statements of foreign operations are accumulated in other comprehensive income. Where the local currency of a foreign subsidiary is not its functional currency, financial statements are translated at either current or historical exchange rates, as appropriate.

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

(3) Business Combinations

PACK Pharmaceuticals, LLC

On April 30, 2014, Rising Pharmaceuticals, Inc. (“Rising”), a wholly owned subsidiary of Aceto, acquired 100% of the issued and outstanding membership interests of PACK Pharmaceuticals, LLC (“PACK”). PACK, a national marketer and distributor of generic prescription and over-the-counter pharmaceutical products, had headquarters in Buffalo Grove, Illinois, a suburb of Chicago, Illinois. The Company believes that the acquisition of PACK by Rising has advanced Aceto’s strategy to expand further into the finished dosage pharmaceutical business. PACK and Rising had very similar business models including operating their businesses in collaboration with selected pharmaceutical development partners and with networks of finished dosage form manufacturing partners, focusing on niche products and selling generic prescription products and over-the-counter pharmaceutical products under their respective labels to leading wholesalers, chain drug stores, distributors and mass market merchandisers. The purchase price was approximately $91,596, which was comprised of the issuance of 260 shares of Aceto common stock, valued at $5,685, and a cash payment of approximately $85,911. The purchase agreement also provided for a three-year earn-out of up to $15,000 in cash based on the achievement of certain performance-based targets. As of June 30, 2016 and 2015, the Company accrued $0 and $783 respectively, related to this contingent consideration. In the third quarter of fiscal 2016 and the fourth quarter of fiscal 2015, the Company reversed $833 and $3,468, respectively, of contingent consideration due to management’s evaluation and assessment of the performance-based targets. The $833 and $3,468 reversals are included in selling, general and administrative expenses in the Consolidated Statements of Income for the years ended June 30, 2016 and June 30, 2015 respectively.

Other

On December 10, 2013, the Company acquired all of the outstanding stock of a company in France which has been accounted for as a business combination. In the third quarter of fiscal 2016, the Company recorded $241 reversal of contingent consideration related to this acquisition due to management’s evaluation and assessment of the potential earnout amounts defined in the purchase agreements. The $241 reversal is included in selling, general and administrative expenses in the Consolidated Statements of Income for the year ended June 30, 2016.

(4) Investments

A summary of short-term investments was as follows:

	June 30, 2016		June 30, 2015	
	Fair Value	Cost Basis	Fair Value	Cost Basis
Held to Maturity Investments				
Time deposits	$ 881	$ 920	$3,416	$ 3,393

The Company has classified all investments with maturity dates of greater than three months as current since it has the ability to redeem them within the year and amounts are available for current operations.

(5) Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly fashion between market participants at the measurement date. GAAP establishes a fair value hierarchy for those instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company’s assumptions (unobservable inputs). The hierarchy consists of three levels:

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

Level 1 – Quoted market prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than Level 1 inputs that are either directly or indirectly observable; and

Level 3 – Unobservable inputs that are not corroborated by market data.

On a recurring basis, Aceto measures at fair value certain financial assets and liabilities, which consist of cash equivalents, investments and foreign currency contracts. The Company classifies cash equivalents and investments within Level 1 if quoted prices are available in active markets. Level 1 assets include instruments valued based on quoted market prices in active markets which generally include corporate equity securities publicly traded on major exchanges. Time deposits are very short-term in nature and are accordingly valued at cost plus accrued interest, which approximates fair value, and are classified within Level 2 of the valuation hierarchy. The Company uses foreign currency futures contracts to minimize the risk caused by foreign currency fluctuation on its foreign currency receivables and payables by purchasing futures with one of its financial institutions. Futures are traded on regulated U.S. and international exchanges and represent commitments to purchase or sell a particular foreign currency at a future date and at a specific price. Aceto's foreign currency derivative contracts are classified within Level 2 as the fair value of these hedges is primarily based on observable futures foreign exchange rates. At June 30, 2016, the Company had foreign currency contracts outstanding that had a notional amount of $58,087. Unrealized losses on hedging activities for the years ended June 30, 2016, 2015, and 2014, amounted to $10, $703 and $40, respectively, and are included in interest and other income, net, in the consolidated statements of income. The contracts have varying maturities of less than one year.

In conjunction with the Credit Agreement, dated as of April 30, 2014, the Company entered into an interest rate swap on April 30, 2014 for an additional interest cost of 1.63% on a notional amount of $25,750, which had been designated as a cash flow hedge. The expiration date of this interest rate swap was April 30, 2019. In November 2015, the Company terminated the interest rate swap agreement resulting in a termination payment of $420, which is included in interest expense in the consolidated statement of income for the year ended June 30, 2016. Pursuant to the requirements of the Credit Agreement, dated December 31, 2010, the Company was required to deliver Hedging Agreements (as defined in the agreement) fixing the interest rate on not less than $20,000 of the term loan at that time.

Accordingly, in March 2011, the Company entered into an interest rate swap for an additional interest cost of 1.91% on a notional amount of $20,000, which had been designated as a cash flow hedge and which expired on December 31, 2015. Aceto's interest rate swaps were previously classified within Level 2 as the fair value of this hedge was primarily based on observable interest rates.

As of June 30, 2016 and June 30, 2015, the Company had $0 and $783, respectively, of contingent consideration related to the PACK acquisition, which was completed in April 2014 and $132 and $359, respectively, of contingent consideration related to the acquisition of a company in France, which occurred in December 2013. In addition, as of June 30, 2015, the Company had $1,480, of contingent consideration that was recorded at fair value in the Level 3 category, which related to the acquisition of Rising that was completed during fiscal 2011. The Rising contingent consideration was paid in September 2015. The contingent consideration was calculated using the present value of a probability weighted income approach.

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Changes in contingent consideration during 2016 and 2015 are as follows:

Balance as of June 30, 2014	$9,904
Reversal of fair value of liability-PACK	(3,468)
Payments	(4,500)
Accrued interest expense	765
Change in foreign currency exchange rate	(79)
Balance as of June 30, 2015	$2,622
Reversal of fair value of liability-PACK	(833)
Reversal of fair value of liability-France	(241)
Payments	(1,500)
Accrued interest expense	85
Change in foreign currency exchange rate	(1)
Balance as of June 30, 2016	$132

During the fourth quarter of each year, the Company evaluates goodwill for impairment at the reporting unit level using a discounted cash flow model using Level 3 inputs. Additionally, on a nonrecurring basis, the Company uses fair value measures when analyzing asset impairment. Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined such indicators are present and the review indicates that the assets will not be fully recoverable, based on undiscounted estimated cash flows over the remaining amortization periods, their carrying values are reduced to estimated fair value. Measurements based on undiscounted cash flows are considered to be Level 3 inputs.

In November 2015, the Company issued $143,750 aggregate principal amount of Notes (see Note 9). Since Aceto has the option to settle the potential conversion of the Notes in cash, the Company separated the embedded conversion option feature from the debt feature and accounts for each component separately, based on the fair value of the debt component assuming no conversion option. The calculation of the fair value of the debt component required the use of Level 3 inputs, and was determined by calculating the fair value of similar non-convertible debt, using a theoretical borrowing rate of 6.5%. The value of the embedded conversion option was determined using an expected present value technique (income approach) to estimate the fair value of similar non-convertible debt and included utilization of convertible investors' credit assumptions and high yield bond indices. The carrying amount of the Notes approximates a fair value of $134,400 at June 30, 2016 giving effect for certain factors, including the term of the Notes, current stock price of Aceto stock and effective interest rate. A portion of the offering proceeds was used to simultaneously enter into privately negotiated convertible note hedge transactions with option counterparties, which are affiliates of certain of the initial purchasers in the offering of the Notes and privately negotiated warrant transactions with the option counterparties (see Note 9). The Company calculated the fair value of the bond hedge based on the price that was paid to purchase the call. The Company also calculated the fair value of the warrant based on the price at which the affiliate purchased the warrants from the Company. Since the convertible note hedge and warrant are both indexed to the Company's common stock and otherwise would be classified as equity, Aceto recorded both elements as equity, resulting in a net reduction to capital in excess of par value of $13,489.

The carrying values of all financial instruments classified as a current asset or current liability are deemed to approximate fair value because of the short maturity of these instruments. The fair values of the Company's notes receivable and short-term and long-term bank loans were based upon current rates offered for similar financial instruments to the Company.

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The following tables summarize the valuation of the Company's financial assets and liabilities which were determined by using the following inputs at June 30, 2016 and 2015:

	Fair Value Measurements at June 30, 2016 Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash equivalents:				
Time deposits	-	$ 6,249	-	$ 6,249
Investments:				
Time deposits	-	881	-	881
Foreign currency contracts-assets (1)	-	160	-	160
Foreign currency contracts-liabilities (2)	-	169	-	169
Contingent consideration (3)	-	-	$ 132	132

(1) Included in "Other receivables" in the accompanying Consolidated Balance Sheet as of June 30, 2016.
(2) Included in "Accrued expenses" in the accompanying Consolidated Balance Sheet as of June 30, 2016.
(3) Included in "Long-term liabilities" in the accompanying Consolidated Balance Sheet as of June 30, 2016.

	Fair Value Measurements at June 30, 2015 Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash equivalents:				

Time deposits	-	$ 6,376	-	$ 6,376
Investments:				
Time deposits	-	3,416	-	3,416
Foreign currency contracts-assets (4)	-	119	-	119
Foreign currency contracts-liabilities (5)	-	767	-	767
Derivative liability for interest rate swap (6)	-	338	-	338
Contingent consideration (7)	-	-	$ 2,622	2,622

(4) Included in “Other receivables” in the accompanying Consolidated Balance Sheet as of June 30, 2015.

(5) Included in “Accrued expenses” in the accompanying Consolidated Balance Sheet as of June 30, 2015.

(6) $13 included in “Accrued expenses” and $325 included in “Long-term liabilities” in the accompanying Consolidated Balance Sheet as of June 30, 2015.

(7) $1,480 included in “Accrued expenses” and $1,142 included in “Long-term liabilities” in the accompanying Consolidated Balance Sheet as of June 30, 2015.

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(6) Goodwill and Other Intangible Assets

As of June 30, 2016 and June 30, 2015, there was goodwill of $67,871 and $67,870, respectively.

Changes in the Company's goodwill during 2016 and 2015 are as follows:

	Human Health Segment	Pharmaceutical Ingredients Segment	Performance Chemicals Segment	Total Goodwill
Balance as of June 30, 2014	$ 64,461	$ 1,832	$ 223	$ 66,516
Measurement period adjustments	1,578	-	-	1,578
Changes in foreign currency exchange rates	-	(182)	(42)	(224)
Balance as of June 30, 2015	66,039	1,650	181	67,870
Changes in foreign currency exchange rates	-	1	-	1
Balance as of June 30, 2016	$ 66,039	$ 1,651	$ 181	$ 67,871

Intangible assets subject to amortization as of June 30, 2016 and 2015 were as follows:

	Gross Carrying Value	Accumulated Amortization	Net Book Value
June 30, 2016			
Customer relationships	$ 21,761	$ 7,815	$ 13,946
Trademarks	1,868	1,800	68
Product rights and related intangibles	83,048	23,511	59,537
License agreements	6,611	5,531	1,080
EPA registrations and related data	13,591	9,927	3,664
Technology-based intangibles	155	140	15

	$127,034	$ 48,724	$ 78,310

	Gross Carrying Value	Accumulated Amortization	Net Book Value
June 30, 2015			
Customer relationships	$21,664	$ 6,013	$ 15,651
Trademarks	1,868	1,756	112
Product rights and related intangibles	73,261	16,410	56,851
License agreements	6,037	4,568	1,469
EPA registrations and related data	12,800	8,683	4,117
Technology-based intangibles	155	118	37
	$115,785	$ 37,548	$ 78,237

Intangible assets with definitive useful lives are amortized using the straight-line method over their estimated useful lives. The straight-line method is utilized as it best reflects the use of the asset. The estimated useful lives of customer relationships, trademarks, product rights and related intangibles, license agreements, EPA registrations and related data and technology-based intangibles are 7-11 years, 3-4 years, 3-14 years, 6-11 years, 10 years, and 7 years, respectively.

As of June 30, 2016 and June 30, 2015, the Company also had $761 and $760, respectively, of intangible assets pertaining to trademarks which have indefinite lives and are not subject to amortization. The change in trademarks with indefinite lives is attributable to foreign currency exchange rates used to translate the financial statements of foreign subsidiaries.

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Amortization expense for intangible assets subject to amortization amounted to $11,176, $10,278 and $6,662 for the years ended June 30, 2016, 2015 and 2014, respectively. The estimated aggregate amortization expense for intangible assets subject to amortization for each of the succeeding years ending June 30, 2017 through June 30, 2022 are as follows: 2017: $10,584; 2018: $9,815; 2019: $9,320; 2020: $8,830; 2021: $8,784 and 2022 and thereafter: $30,977.

(7) Accrued Expenses

The components of accrued expenses as of June 30, 2016 and 2015 were as follows:

	2016	2015
Accrued compensation	$6,880	$6,942
Accrued environmental remediation costs-current portion	9,180	8,084
Reserve for price concessions	31,342	35,965
Other accrued expenses	5,273	8,850
	$52,675	$59,841

(8) Environmental Remediation

In fiscal years 2011, 2009, 2008 and 2007, the Company received letters from the Pulvair Site Group, a group of potentially responsible parties (PRP Group) who are working with the State of Tennessee (the State) to remediate a contaminated property in Tennessee called the Pulvair site. The PRP Group has alleged that Aceto shipped hazardous substances to the site which were released into the environment. The State had begun administrative proceedings against the members of the PRP Group and Aceto with respect to the cleanup of the Pulvair site and the PRP Group has begun to undertake cleanup. The PRP Group is seeking a settlement of approximately $1,700 from the Company for its share to remediate the site contamination. Although the Company acknowledges that it shipped materials to the site for formulation over twenty years ago, the Company believes that the evidence does not show that the hazardous materials sent by Aceto to the site have significantly contributed to the contamination of the environment and thus believes that, at most, it is a de minimis contributor to the site contamination. Accordingly, the Company believes that the settlement offer is unreasonable. Management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company's financial condition or liquidity.

The Company has environmental remediation obligations in connection with Arsynco, Inc. (“Arsynco”), a subsidiary formerly involved in manufacturing chemicals located in Carlstadt, New Jersey, which was closed in 1993 and is currently held for sale. Based on continued monitoring of the contamination at the site and the approved plan of remediation, Arsynco received an estimate from an environmental consultant stating that the total cost of remediation could be between $19,400 and $21,200. Remediation commenced in fiscal 2010, and as of June 30, 2016 and 2015, a liability of $12,532 and $11,079, respectively, is included in the accompanying consolidated balance sheets for this matter. In the fourth quarter of fiscal 2016, $1,313 environmental remediation charge was recorded and included in selling, general and administrative expenses in the accompanying consolidated statement of income. In accordance with GAAP, management believes that the majority of costs incurred to remediate the site will be capitalized in preparing the property which is currently classified as held for sale. An appraisal of the fair value of the property by a third-party appraiser supports the assumption that the expected fair value after the remediation is in excess of the amount required to be capitalized. However, these matters, if resolved in a manner different from those assumed in current estimates, could have a material adverse effect on the Company’s financial condition, operating results and cash flows when resolved in a future reporting period.

In connection with the environmental remediation obligation for Arsynco, in July 2009, Arsynco entered into a settlement agreement with BASF Corporation (“BASF”), the former owners of the Arsynco property. In accordance with the settlement agreement, BASF paid for a portion of the prior remediation costs and going forward, will co-remediate the property with the Company. The contract requires that BASF pay $550 related to past response costs and pay a proportionate share of the future remediation costs. Accordingly, the Company had recorded a gain of $550 in fiscal 2009. This $550 gain relates to the partial reimbursement of costs of approximately $1,200 that the Company had previously expensed. The Company also recorded an additional receivable from BASF, with an offset against property held for sale, representing its estimated portion of the future remediation costs. The balance of this receivable for future remediation costs as of June 30, 2016 and 2015 is $5,639 and $4,985, respectively, which is included in the accompanying consolidated balance sheets.

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In March 2006, Arsynco received notice from the United States Environmental Protection Agency (“EPA”) of its status as a PRP under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for a site described as the Berry’s Creek Study Area (“BCSA”). Arsynco is one of over 150 PRPs which have potential liability for the required investigation and remediation of the site. The estimate of the potential liability is not quantifiable for a number of reasons, including the difficulty in determining the extent of contamination and the length of time remediation may require. In addition, any estimate of liability must also consider the number of other PRPs and their financial strength. In July 2014, Arsynco received notice from the U.S. Department of Interior (“USDOI”) regarding the USDOI’s intent to perform a Natural Resource Damage (NRD) Assessment at the BCSA. Arsynco has to date declined to participate in the development and performance of the NRD assessment process. Based on prior practice in similar situations, it is possible that the State may assert a claim for natural resource damages with respect to the Arsynco site itself, and either the federal government or the State (or both) may assert claims against Arsynco for natural resource damages in connection with Berry's Creek; any such claim with respect to Berry's Creek could also be asserted against the approximately 150 PRPs which the EPA has identified in connection with that site. Any claim for natural resource damages with respect to the Arsynco site itself may also be asserted against BASF, the former owner of the Arsynco property. In September 2012, Arsynco entered into an agreement with three of the other PRPs that had previously been impleaded into New Jersey Department of Environmental Protection, et al. v. Occidental Chemical Corporation, et al., Docket No. ESX-L-9868-05 (the "NJDEP Litigation") and were considering impleading Arsynco into the same proceeding. Arsynco entered into an agreement to avoid impleader. Pursuant to the agreement, Arsynco agreed to (1) a tolling period that would not be included when computing the running of any statute of limitations that might provide a defense to the NJDEP Litigation; (2) the waiver of certain issue preclusion defenses in the NJDEP Litigation; and (3) arbitration of certain potential future liability allocation claims if the other parties to the agreement are barred by a court of competent jurisdiction from proceeding against Arsynco. In July 2015, Arsynco was contacted by an allocation consultant retained by a group of the named PRPs, inviting Arsynco to participate in the allocation among the PRPs’ investigation and remediation costs relating to the BCSA. Arsynco declined that invitation. Since the amount of the liability cannot be reasonably estimated at this time, no accrual is recorded for these potential future costs. The impact of the resolution of this matter on the Company’s results of operations in a particular reporting period is not currently known.

(9) Debt

Long-term debt

	June 30, 2016	2015
Convertible Senior Notes, net	$115,829	$-
Revolving bank loans	-	45,000
Term bank loans	-	62,000
Mortgage	2,960	3,157
	118,789	110,157
Less current portion	197	10,197
	$118,592	$99,960

Convertible Senior Notes

In November 2015, Aceto offered $125,000 aggregate principal amount of Convertible Senior Notes due 2020 (the "Notes") in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. In addition, Aceto granted the initial purchasers for the offering an option to purchase up to an additional $18,750 aggregate principal amount pursuant to the initial purchasers' option to purchase additional Notes, which was exercised in November 2015. Therefore the total offering was $143,750 aggregate principal amount. The Notes are unsecured obligations of Aceto and rank senior in right of payment to any of Aceto's subordinated indebtedness, equal in right of payment to all of Aceto's unsecured indebtedness that is not subordinated, effectively junior in right of payment to any of Aceto's secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally junior in right of payment to all indebtedness and other liabilities (including trade payables) of Aceto's subsidiaries. Interest will be payable semi-annually in arrears. The Notes will be convertible into cash, shares of Aceto common stock or a combination thereof, at Aceto's election, upon the satisfaction of specified conditions and during certain periods. The Notes will mature in November 2020. After deducting the underwriting discounts and commissions and other expenses (including the net cost of the bond hedge and warrant, discussed below), the net proceeds from the offering was approximately $125,108. The Notes pay 2.0% interest semi-annually in arrears on May 1 and November 1 of each year, which commenced on May 1, 2016. The Notes are convertible into 4,328 shares of common stock, based on an initial conversion price of $33.215 per share.

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Holders may convert all or any portion of their notes, in multiples of one thousand dollar principal amount, at their option at any time prior to the close of business on the business day immediately preceding May 1, 2020 only under the following circumstances: (i) during any calendar quarter (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day, (ii) during the five consecutive business day period after any five consecutive trading day period (which is referred to as the "measurement period") in which the trading price per one thousand dollar principal amount of Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of Aceto's common stock and the conversion rate on each such trading day; or (iii) upon the occurrence of specified corporate events.

Upon conversion by the holders, the Company may elect to settle such conversion in shares of its common stock, cash, or a combination thereof. As a result of its cash conversion option, the Company separately accounted for the value of the embedded conversion option as a debt discount (with an offset to capital in excess of par value) of $27,241. The value of the embedded conversion option was determined based on the estimated fair value of the debt without the conversion feature, which was determined using an expected present value technique (income approach) to estimate the fair value of similar non-convertible debt (see Note 5); the debt discount is being amortized as additional non-cash interest expense using the effective interest method over the term of the Notes.

Offering costs of $5,153 have been allocated to the debt and equity components in proportion to the allocation of proceeds to the components, as debt issuance costs and equity issuance costs, respectively. The debt issuance costs of $4,177 are being amortized as additional non-cash interest expense using the straight-line method over the term of the debt, since this method was not significantly different from the effective interest method. The $976 portion allocated to equity issuance costs was charged to capital in excess of par value. As discussed in Note 18, the Company adopted Accounting Standards Update 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* in the second quarter of fiscal 2016. The Company presents debt issuance costs as a direct deduction from the carrying value of the debt liability rather than showing the debt issuance costs as a deferred charge on the balance sheet.

In connection with the offering of the Notes, Aceto entered into privately negotiated convertible note hedge transactions with option counterparties, which are affiliates of certain of the initial purchasers. The convertible Note hedge transactions are expected generally to reduce the potential dilution to Aceto's common stock and/or offset any cash payments Aceto is required to make in excess of the principal amount of converted Notes upon any conversion of Notes. Aceto also entered into privately negotiated warrant transactions with the option counterparties. The warrant transactions could separately have a dilutive effect to the extent that the market price per share of Aceto's common stock as measured over the applicable valuation period at the maturity of the warrants exceeds the applicable strike price of the warrants. By entering into these transactions with the option counterparties, the Company issued convertible debt and a freestanding "call-spread." A call-spread consists of Aceto's (1) purchasing a call option on its own shares with an exercise price of $33.215 and (2) writing a call option on its own shares at a higher strike price of $44.71 (premium of 75%) (i.e., issuing a warrant). The purchased call option has an exercise price equal to the conversion price of Aceto's convertible debt, which economically reduces the potential common stock dilution that may arise from the conversion of the Notes. The written call option has a higher strike price to partially finance the purchased call option. Since the convertible note hedge and warrant are both indexed to the Company's common stock and otherwise would be classified as equity, Aceto recorded both elements as equity, resulting in a net reduction to capital in excess of par value of $13,489.

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The carrying value of the Notes is as follows:

	June 30, 2016
Principal amount	$143,750
Unamortized debt discount	(24,267)
Unamortized debt issuance costs	(3,654)
Net carrying value	$115,829

The following table sets forth the components of total "interest expense" related to the Notes recognized in the accompanying consolidated statements of income for the year ended June 30:

	Year Ended June 30, 2016
Contractual coupon	$ 1,788
Amortization of debt discount	2,974
Amortization of debt issuance costs	522
	$ 5,284

Credit Facilities

On October 28, 2015, the Company entered into an Amended and Restated Credit Agreement (the "A&R Credit Agreement"), which amended and restated in its entirety the Credit Agreement, dated as of April 30, 2014 with three domestic financial institutions, as amended on June 25, 2015 by Amendment No. 1 to the Credit Agreement (together, the "First Amended Credit Agreement"). The A&R Credit Agreement increases the aggregate available revolving commitment under the First Amended Credit Agreement from $75,000 to an initial aggregate available revolving commitment of $150,000 (the "Initial Revolving Commitment"), which may be increased in accordance with the terms and conditions of the A&R Credit Agreement by an aggregate amount not to exceed $100,000 (the "Expansion Commitment" and, together with the Initial Revolving Commitment, the "Revolving Commitment"). Under the A&R Credit Agreement, the Company may borrow, repay and reborrow loans up to the Revolving Commitment from and as of October 28, 2015, to but excluding the earlier of October 28, 2020 and the termination of the Revolving Commitment, in amounts up to, but not exceeding at any one time, the Revolving Commitment. The A&R Credit Agreement does not provide for any term loan commitment. The proceeds from initial borrowings under the A&R Credit Agreement have been used to repay all amounts outstanding pursuant to the term loan commitment and revolving loan commitment under Aceto's First Amended Credit Agreement. The proceeds from the issuance of the Notes were used to pay initial borrowings under the A&R Credit Agreement. As of June 30, 2016, there were no amounts outstanding under the A&R Credit Agreement.

The A&R Credit Agreement provides for (i) Eurodollar Loans (as such term is defined in the A&R Credit Agreement), (ii) ABR Loans (as such term is defined in the A&R Credit Agreement) or (iii) a combination thereof. Borrowings under the A&R Credit Agreement will bear interest per annum at a base rate or, at the Company's option, LIBOR, plus an applicable margin ranging from 0.00% to 0.75% in the case of ABR Loans, and 1.00% to 1.75% in the case of Eurodollar Loans. The applicable interest rate margin percentage will be determined by the Company's senior secured net leverage ratio.

The A&R Credit Agreement, similar to Aceto's First Amended Credit Agreement, provides that commercial letters of credit shall be issued to provide the primary payment mechanism in connection with the purchase of any materials, goods or services in the ordinary course of business. The Company had open letters of credit of approximately $0 and $21 at June 30, 2016 and June 30, 2015 respectively.

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The A&R Credit Agreement, like Aceto's First Amended Credit Agreement, provides for a security interest in substantially all of the personal property of the Company and certain of its subsidiaries. The A&R Credit Agreement contains several financial covenants including, among other things, maintaining a minimum level of debt service. Under the A&R Credit Agreement, the Company and its subsidiaries are also subject to certain restrictive covenants, including, among other things, covenants governing liens, limitations on indebtedness, limitations on guarantees, limitations on sales of assets and sales of receivables, and limitations on loans and investments. The Company was in compliance with all covenants at June 30, 2016.

The Company has available lines of credit with foreign financial institutions. At June 30, 2016, the Company had available lines of credit with foreign financial institutions totaling $7,397. At June 30, 2015, the Company had available lines of credit with foreign financial institutions totaling $7,391. The Company has issued a cross corporate guarantee to the foreign banks. Short term loans under these agreements bear interest at a fixed rate of 4.5% at June 30, 2016 and 5.0% at June 30, 2015 and 2014. The Company is not subject to any financial covenants under these arrangements.

Under the above financing arrangements, the Company had $0 in bank loans and $0 in letters of credit leaving an unused facility of $155,639 at June 30, 2016. At June 30, 2015 the Company had $107,000 in bank loans and $21 in letters of credit leaving an unused facility of $37,370.

Mortgage

On June 30, 2011, the Company entered into a mortgage payable for $3,947 on its new corporate headquarters, in Port Washington, New York. This mortgage payable is secured by the land and building and is being amortized over a period of 20 years. The mortgage payable, which was modified in October 2013, bears interest at 4.92% as of June 30, 2016 and matures on June 30, 2021.

Maturity of Long-term Debt

Long-term debt matures by fiscal year as follows:

2017	$197
2018	197
2019	197
2020	197
2021	118,001
Thereafter	-
	$118,789

(10) Stock Based Compensation Plans

At the annual meeting of shareholders of the Company, held on December 15, 2015, the Company's shareholders approved the Aceto Corporation 2015 Equity Participation Plan (the "2015 Plan"). Under the 2015 Plan, grants of stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards ("Stock Awards") may be offered to employees, non-employee directors, consultants and advisors of the Company, including the chief executive officer, chief financial officer and other named executive officers. The maximum number of shares of common stock of the Company that may be issued pursuant to Stock Awards granted under the 2015 Plan will not exceed, in the aggregate, 4,250 shares. Stock Awards that are intended to qualify as "performance-based compensation" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, may be granted. Performance-based awards may be granted, vested and paid based on the attainment of specified performance goals.

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At the annual meeting of shareholders of the Company, held on December 6, 2012, the Company's shareholders approved the amended and restated Aceto Corporation 2010 Equity Participation Plan (the "2010 Plan"). Under the 2010 Plan, grants of stock options, restricted stock, restricted stock units, stock appreciation rights, and stock bonuses may be made to employees, non-employee directors and consultants of the Company. The maximum number of shares of common stock of the Company that may be issued pursuant to awards granted under the 2010 Plan will not exceed, in the aggregate, 5,250 shares. In addition, restricted stock may be granted to an eligible participant in lieu of a portion of any annual cash bonus earned by such participant. Such award may include additional shares of restricted stock (premium shares) greater than the portion of bonus paid in restricted stock. The restricted stock award is vested at issuance and the restrictions lapse ratably over a period of years as determined by the Board of Directors, generally three years. The premium shares vest when all the restrictions lapse, provided that the participant remains employed by the Company at that time.

At the annual meeting of shareholders of the Company held December 6, 2007, the shareholders approved the Aceto Corporation 2007 Long-Term Performance Incentive Plan (the "2007 Plan"). The Company has reserved 700 shares of common stock for issuance under the 2007 Plan to the Company's employees and non-employee directors. There are five types of awards that may be granted under the 2007 Plan-options to purchase common stock, stock appreciation rights, restricted stock, restricted stock units and performance incentive units.

As of June 30, 2016, there were 4,250, 174 and 0 shares of common stock available for grant under the 2015, 2010 and 2007 Plans, respectively.

In September 2002, the Company adopted the Aceto Corporation 2002 Stock Option Plan (2002 Plan), which was ratified by the Company's shareholders in December 2002. The 2002 Plan expired in December 2012. Outstanding options survive the expiration of the 2002 Plan.

In December 1998, the Company adopted the Aceto Corporation 1998 Omnibus Equity Award Plan (1998 Plan). The 1998 Plan expired in December 2008. Outstanding options survive the expiration of the 1998 Plan.

The following summarizes the shares of common stock under options for all plans at June 30, 2016, 2015 and 2014, and the activity with respect to options for the respective years then ended:

	Shares subject to option	Weighted average exercise price per share	Aggregate Intrinsic Value
Balance at June 30, 2013	960	$ 8.36	
Granted	-	-	
Exercised	(392)	9.34	
Forfeited (including cancelled options)	(17)	6.58	
Balance at June 30, 2014	551	$ 7.72	
Granted	-	-	
Exercised	(146)	8.74	
Forfeited (including cancelled options)	(8)	10.94	
Balance at June 30, 2015	397	$ 7.28	
Granted	-	-	
Exercised	(95)	7.56	
Forfeited (including cancelled options)	-	-	
Balance at June 30, 2016	302	$ 7.19	$ 4,439
Options exercisable at June 30, 2016	302	$ 7.19	$ 4,439

The total intrinsic value of stock options exercised during the years ended June 30, 2016, 2015 and 2014 was approximately $1,700, $1,713 and $3,607, respectively. The weighted average remaining contractual life of options outstanding at June 30, 2016 was approximately 4 years.

There were no stock options granted in fiscal years 2016, 2015 or 2014.

Under the 2010 Plan, 2002 Plan and the 1998 Plan, compensation expense is recorded for the fair value of the restricted stock awards in the year the related bonus is earned and over the vesting period for the market value at the date of grant of the premium shares granted. In fiscal 2016, 2015 and 2014, restricted stock awarded and premium shares vested of 7, 5 and 7 common shares, respectively, were issued under employee incentive plans, which increased stockholders' equity by $113, $77 and $93, respectively. The related non-cash compensation expense related to the vesting of premium shares during the year was $22, $22 and $20 in fiscal 2016, 2015 and 2014, respectively. Additionally, non-cash compensation expense of $0, $21 and $207 was recorded in fiscal 2016, 2015 and 2014, respectively, relating to stock option grants, which is included in selling, general and administrative expenses.

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During the year ended June 30, 2016, the Company granted 221 shares of restricted common stock to its employees that vest over three years and 14 shares of restricted common stock to its non-employee directors, which vest over approximately one year as well as 46 restricted stock units that have varying vest dates through July 2017. In addition, the Company also issued a target grant of 142 performance-vested restricted stock units, which grant could be as much as 248 if certain performance criteria and market conditions are met. Performance-vested restricted stock units will cliff vest 100% at the end of the third year following grant in accordance with the performance metrics set forth in the applicable employee performance-vested restricted stock unit grant.

During the year ended June 30, 2015, the Company granted 165 shares of restricted common stock to its employees that vest over three years and 12 shares of restricted common stock to its non-employee directors, which vest over approximately one year as well as 67 restricted stock units that have varying vest dates through August 2016. In addition, the Company also issued a target grant of 116 performance-vested restricted stock units, which grant could be as much as 203 if certain performance criteria and market conditions are met. Performance-vested restricted stock units will cliff vest 100% at the end of the third year following grant in accordance with the performance metrics set forth in the applicable employee performance-vested restricted stock unit grant.

During the year ended June 30, 2014, the Company granted 214 shares of restricted common stock to its employees that vest over three years and 11 shares of restricted common stock to its non-employee directors, which vest over approximately one year as well as 32 restricted stock units that have varying vest dates from August 2014 through July 2015. In addition, the Company also issued a target grant of 131 performance-vested restricted stock units, which grant could be as much as 196 if certain performance criteria and market conditions are met. Performance-vested restricted stock units will cliff vest 100% at the end of the third year following grant in accordance with the performance metrics set forth in the applicable employee performance-vested restricted stock unit grant.

For the years ended June 30, 2016, 2015 and 2014, the Company recorded stock-based compensation expense of approximately $6,697, $4,494, and $2,929, respectively, which is included in selling, general and administrative expenses, for shares of restricted common stock and restricted stock units.

The remaining stock-based compensation expense for restricted stock awards and units is approximately $7,997 at June 30, 2016 and the related weighted average period over which it is expected that such unrecognized compensation cost will be recognized is approximately 1.8 years.

A summary of restricted stock awards including restricted stock units as of June 30, 2016, is presented below:

	Shares	Weighted average grant date fair value
Non-vested at beginning of year	688	$ 15.81
Granted	422	22.99
Vested	(274)	12.64
Forfeited	(41)	15.49
Non-vested at June 30, 2016	795	$ 20.73

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(11) Interest and Other Income

Interest and other income during fiscal 2016, 2015 and 2014 was comprised of the following:

	2016	2015	2014
Dividends	$222	$233	$257
Interest	313	282	237
Foreign government subsidies received	25	22	38
Joint venture equity earnings	2,060	1,761	2,024
Foreign currency gains (losses)	56	(1,065)	(102)
Rental income	154	151	144
Miscellaneous (expense) income	(7)	102	(96)
	$2,823	$1,486	$2,502

The Company’s joint venture earnings represent the Company’s investment in a corporate joint venture established for the purpose of selling a particular agricultural protection product. The Company’s initial investment was $6 in fiscal 2009, representing a 30% ownership and the Company accounts for this joint venture using the equity method of accounting.

(12) Income Taxes

The components of income before the provision for income taxes are as follows:

	2016	2015	2014
Domestic operations	$43,906	$48,276	$30,884
Foreign operations	9,948	5,589	13,790

$53,854	$53,865	$44,674

The components of the provision for income taxes are as follows:

	2016	2015	2014
Federal:			
Current	$15,129	$18,393	$12,720
Deferred	(204)	(1,357)	(2,728)
State and local:			
Current	755	1,526	1,547
Deferred	173	189	(113)
Foreign:			
Current	3,222	2,337	4,490
Deferred	13	(706)	(242)
	$19,088	$20,382	$15,674

Income taxes payable, which is included in accrued expenses, was $2,119 and $0 at June 30, 2016 and 2015, respectively.

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The tax effects of temporary differences that give rise to the deferred tax assets and liabilities at June 30, 2016 and 2015 are presented below:

	2016	2015
Deferred tax assets:		
Accrued deferred compensation	$4,122	$3,025
Accrual for sales deductions not currently deductible	5,925	6,388
Additional inventoried costs for tax purposes	389	262
Allowance for doubtful accounts receivable	106	132
Depreciation and amortization	7,784	6,899
Debt issuance costs	9,462	-
Accrual for payments to former senior management and other personnel related costs	-	29
Contingent consideration	-	286
Foreign deferred tax assets	1,121	1,201
Domestic net operating loss carryforwards	109	132
Foreign net operating loss carryforwards	685	678
Total gross deferred tax assets	29,703	19,032
Valuation allowances	(794)	(810)
	28,909	18,222
Deferred tax liabilities:		
Foreign deferred tax liabilities	(27)	(66)
Goodwill	(7,586)	(6,117)
Original issue discount – convertible senior notes	(9,115)	-
Other	(26)	(83)
Total gross deferred tax liabilities	(16,754)	(6,266)
Net deferred tax assets	$12,155	$11,956

The following table shows the current and non-current deferred tax assets (liabilities) at June 30, 2016 and 2015:

	2016	2015

Current deferred tax assets, net	$3,244	$2,050
Non-current deferred tax assets, net	18,053	9,972
Current deferred tax liabilities	-	-
Non-current deferred tax liabilities	(9,142)	(66)
Net deferred tax assets	$12,155	$11,956

The net change in the total valuation allowance for the years ended June 30, 2016 and June 30, 2015 was a decrease of $16 and $205, respectively. A valuation allowance is provided when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The Company has established valuation allowances primarily for net operating loss carryforwards in certain foreign countries. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets are not expected to be realized. The assessment of the amount of value assigned to the Company's deferred tax assets under the applicable accounting rules is judgmental. Management is required to consider all available positive and negative evidence in evaluating the likelihood that the Company will be able to realize the benefit of its deferred tax assets in the future. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which net operating loss carryforwards are utilizable and temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, taxable income in carryback years if carryback is permitted and tax planning strategies in making this assessment. In order to fully realize the net deferred tax assets recognized at June 30, 2016, the Company will need to generate future taxable income of approximately $33,400.

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Based upon the level of historical taxable income and projections for taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences. There can be no assurance, however, that the Company will generate any earnings or any specific level of continuing earnings in the future. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

Deferred taxes have not been provided for undistributed earnings of foreign subsidiaries amounting to approximately $106,597 at June 30, 2016 since substantially all of these earnings are expected to be indefinitely reinvested in foreign operations. A deferred tax liability will be recognized when the Company expects that it will recover these undistributed earnings in a taxable manner, such as through the receipt of dividends or sale of the investments The Company intends to indefinitely reinvest the remaining undistributed earnings and has no plan for further repatriation. Determination of the amount of unrecognized deferred U.S. income tax liabilities, net of unrecognized foreign tax credits, is not practical to calculate because of the complexity of this hypothetical calculation resulting in various methods available, each with different U.S. tax consequences**.**

A reconciliation of the statutory federal income tax rate and the effective tax rate for continuing operations for the fiscal years ended June 30, 2016, 2015 and 2014 follows:

	2016	2015	2014
Federal statutory tax rate	35.0 %	35.0 %	35.0 %
State and local taxes, net of federal income tax benefit	1.7	2.4	2.5
Decrease (increase) in valuation allowance	-	0.4	(0.1)
Foreign tax rate differential	(0.4)	(0.9)	(1.1)
Other	(0.9)	0.9	(1.2)
Effective tax rate	35.4 %	37.8 %	35.1 %

The Company operates in various tax jurisdictions, and although we believe that we have provided for income and other taxes in accordance with the relevant regulations, if the applicable regulations were ultimately interpreted differently by a taxing authority, we may be exposed to additional tax liabilities.

There are no material unrecognized tax benefits included in the consolidated balance sheet that would, if recognized, have a material effect on the Company’s effective tax rate. The Company is continuing its practice of recognizing interest and penalties related to income tax matters in income tax expense. The Company did not recognize interest and penalties during the years ended June 30, 2016 and June 30, 2015. The Company files U.S. federal, U.S. state, and foreign tax returns, and is generally no longer subject to tax examinations for fiscal years prior to 2012 (in the case of certain foreign tax returns, fiscal year 2011).

(13) Supplemental Cash Flow Information

Cash paid for interest and income taxes during fiscal 2016, 2015 and 2014 was as follows:

	2016	2015	2014
Interest	$2,970	$3,954	$2,100
Income taxes, net of refunds	$16,076	$25,459	$14,645

The Company had non-cash items excluded from the Consolidated Statements of Cash Flows during the years ended June 30, 2016 and 2015 of $294 and $726, respectively, related to capitalized environmental remediation costs and property held for sale and $1,578 measurement period adjustments to goodwill during the year ended June 30, 2015. In connection with the acquisition of PACK, the Company issued shares of Aceto common stock with a fair market value of $5,685 which is a non-cash item and is excluded from the Consolidated Statement of Cash Flows during the year ended June 30, 2014.

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(14) Retirement Plans

Defined Contribution Plans

The Company has defined contribution retirement plans in which certain employees are eligible to participate, including deferred compensation plans (see below). The Company's annual contribution per employee, which is at management's discretion, is based on a percentage of the employee’s compensation. The Company's provision for these defined contribution plans amounted to $1,957, $1,849 and $1,474 in fiscal 2016, 2015 and 2014, respectively.

Defined Benefit Plans

The Company sponsors certain defined benefit pension plans covering certain employees of its German subsidiaries who meet the plan’s eligibility requirements. The accrued pension liability as of June 30, 2016 was $853. The accrued pension liability as of June 30, 2015 was $926. Net periodic pension costs, which consists principally of interest cost and service cost was $28 in fiscal 2016, $53 in fiscal 2015 and $80 in fiscal 2014. The Company’s plans are funded in conformity with the funding requirements of the applicable government regulations. An assumed weighted average discount rate of 1.9%, 1.6% and 3.0% and a compensation increase rate of 0.0%, 0.0% and 0.0% were used in determining the actuarial present value of benefit obligations as of June 30, 2016, 2015 and 2014, respectively.

Deferred Compensation Plans

To comply with the requirements of the American Jobs Creation Act of 2004, as of December 2004, the Company froze its non-qualified Supplemental Executive Retirement Plan (the Frozen Plan) and has not allowed any further deferrals or contributions to the Frozen Plan after December 31, 2004. All of the earned benefits of the participants in the Frozen Plan as of December 31, 2004, will be preserved under the existing plan provisions.

On March 14, 2005, the Company's Board of Directors adopted the Aceto Corporation Supplemental Executive Deferred Compensation Plan (the Plan). The Plan is a non-qualified deferred compensation plan intended to provide certain qualified executives with supplemental benefits beyond the Company's 401(k) plan, as well as to permit additional deferrals of a portion of their compensation. The Plan is intended to comply with the provisions of section 409A of the Internal Revenue Code of 1986, as amended, and is designed to provide comparable benefits to those under the Frozen Plan. Substantially all compensation deferred under the Plan, as well as Company contributions, is held by the Company in a grantor trust, which is considered an asset of the Company. The assets held by the grantor trust are in life insurance policies. Effective July 1, 2013, the Plan was frozen and a new plan, entitled "Aceto Corporation 2013 Senior Executive Retirement Plan" was adopted by the Company's Board of Directors.

As of June 30, 2016, the Company recorded a liability under the Plans of $3,046 (of which $3,028 is included in long-term liabilities and $18 is included in accrued expenses) and an asset (included in other assets) of $2,693, primarily representing the cash surrender value of policies owned by the Company. As of June 30, 2015, the Company recorded a liability under the Plans of $2,974 (of which $2,855 is included in long-term liabilities and $119 is included in accrued expenses) and an asset (included in other assets) of $2,550, primarily representing the cash surrender value of policies owned by the Company.

(15) Financial Instruments

Derivative Financial Instruments

The Company is exposed to credit losses in the event of non-performance by the financial institutions, who are the counterparties, on its future foreign currency contracts. The Company anticipates, however, that the financial institutions will be able to fully satisfy their obligations under the contracts. The Company does not obtain collateral to support financial instruments, but monitors the credit standing of the financial institutions.

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Off-Balance Sheet Risk

Commercial letters of credit are issued by the Company during the ordinary course of business through major banks as requested by certain suppliers. The Company had open letters of credit of approximately $0 and $21 as of June 30, 2016 and 2015, respectively. The terms of these letters of credit are all less than one year. No material loss is anticipated due to non-performance by the counterparties to these agreements.

Fair Value of Financial Instruments

The carrying values of all financial instruments classified as a current asset or current liability are deemed to approximate fair value because of the short maturity of these instruments. The fair value of the Company’s notes receivable and accrued expenses was based upon current rates offered for similar financial instruments to the Company. The Company believes that borrowings outstanding under its long-term bank loans and mortgage approximate fair value because such borrowings bear interest at current variable market rates.

Business and Credit Concentration

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables. The Company’s customers are dispersed across many industries and are located throughout the United States as well as in Canada, France, Germany, Malaysia, The Netherlands, Switzerland, the United Kingdom, and other countries. The Company estimates an allowance for doubtful accounts based upon the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company’s estimate of this allowance. At June 30, 2016, three customers approximated 34%, 20% and 11%, respectively, of net trade accounts receivable. At June 30, 2015, two customers approximated 40% and 21%, respectively, of net trade accounts receivable.

One customer accounted for 14% of net sales in fiscal 2016. One customer accounted for 13% of net sales in fiscal 2015. No single customer accounted for as much as 10% of net sales in fiscal 2014. No single product accounted for as much as 10% of net sales in fiscal 2016, 2015 or 2014.

During the fiscal years ended June 30, 2016, 2015 and 2014, approximately 56%, 65% and 64%, respectively, of the Company's purchases came from Asia and approximately 22%, 12% and 14%, respectively, came from Europe.

The Company maintains operations located outside of the United States. Net assets located in Europe and Asia approximated $62,399 and $48,846, respectively at June 30, 2016. Net assets located in Europe and Asia approximated $57,161 and $47,097, respectively at June 30, 2015.

(16) Commitments, Contingencies and Other Matters

As of June 30, 2016, the Company has outstanding purchase obligations totaling $77,367 with suppliers to the Company's domestic and foreign operations to acquire certain products for resale to third party customers.

The Company and its subsidiaries are subject to various claims which have arisen in the normal course of business. The Company provides for costs related to contingencies when a loss from such claims is probable and the amount is reasonably determinable. In determining whether it is possible to provide an estimate of loss, or range of possible loss, the Company reviews and evaluates its litigation and regulatory matters on a quarterly basis in light of potentially relevant factual and legal developments. If the Company determines an unfavorable outcome is not probable or reasonably estimable, the Company does not accrue for a potential litigation loss. While the Company has determined that there is a reasonable possibility that a loss has been incurred, no amounts have been recognized in the financial statements, other than what has been discussed below, because the amount of the liability cannot be reasonably estimated at this time.

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In fiscal years 2011, 2009, 2008 and 2007, the Company received letters from the Pulvair Site Group, a group of potentially responsible parties (PRP Group) who are working with the State of Tennessee (the State) to remediate a contaminated property in Tennessee called the Pulvair site. The PRP Group has alleged that Aceto shipped hazardous substances to the site which were released into the environment. The State had begun administrative proceedings against the members of the PRP Group and Aceto with respect to the cleanup of the Pulvair site and the PRP Group has begun to undertake cleanup. The PRP Group is seeking a settlement of approximately $1,700 from the Company for its share to remediate the site contamination. Although the Company acknowledges that it shipped materials to the site for formulation over twenty years ago, the Company believes that the evidence does not show that the hazardous materials sent by Aceto to the site have significantly contributed to the contamination of the environment and thus believes that, at most, it is a de minimis contributor to the site contamination. Accordingly, the Company believes that the settlement offer is unreasonable. Management believes that the ultimate outcome of this matter will not have a material adverse effect on the Company's financial condition or liquidity.

The Company has environmental remediation obligations in connection with Arsynco, Inc. (“Arsynco”), a subsidiary formerly involved in manufacturing chemicals located in Carlstadt, New Jersey, which was closed in 1993 and is currently held for sale. Based on continued monitoring of the contamination at the site and the approved plan of remediation, Arsynco received an estimate from an environmental consultant stating that the costs of remediation could be between $19,400 and $21,200. Remediation commenced in fiscal 2010, and as of June 30, 2016 and 2015, a liability of $12,532 and $11,079, respectively, is included in the accompanying consolidated balance sheets for this matter. In the fourth quarter of fiscal 2016, $1,313 environmental remediation charge was recorded and included in selling, general and administrative expenses in the accompanying consolidated statement of income. In accordance with GAAP, management believes that the majority of costs incurred to remediate the site will be capitalized in preparing the property which is currently classified as held for sale. An appraisal of the fair value of the property by a third-party appraiser supports the assumption that the expected fair value after the remediation is in excess of the amount required to be capitalized. However, these matters, if resolved in a manner different from those assumed in current estimates, could have a material adverse effect on the Company’s financial condition, operating results and cash flows when resolved in a future reporting period.

In connection with the environmental remediation obligation for Arsynco, in July 2009, Arsynco entered into a settlement agreement with BASF Corporation (“BASF”), the former owners of the Arsynco property. In accordance with the settlement agreement, BASF paid for a portion of the prior remediation costs and going forward, will co-remediate the property with the Company. The contract requires that BASF pay $550 related to past response costs and pay a proportionate share of the future remediation costs. Accordingly, the Company had recorded a gain of $550 in fiscal 2009. This $550 gain relates to the partial reimbursement of costs of approximately $1,200 that the Company had previously expensed. The Company also recorded an additional receivable from BASF, with an offset against property held for sale, representing its estimated portion of the future remediation costs. The balance of this receivable for future remediation costs as of June 30, 2016 and 2015 is $5,639 and $4,985, respectively, which is included in the accompanying consolidated balance sheets.

In March 2006, Arsynco received notice from the EPA of its status as a PRP under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for a site described as the Berry's Creek Study Area ("BCSA"). Arsynco is one of over 150 PRPs which have potential liability for the required investigation and remediation of the site. The estimate of the potential liability is not quantifiable for a number of reasons, including the difficulty in determining the extent of contamination and the length of time remediation may require. In addition, any estimate of liability must also consider the number of other PRPs and their financial strength. In July 2014, Arsynco received notice from the U.S. Department of Interior ("USDOI") regarding the USDOI's intent to perform a Natural Resource Damage (NRD) Assessment at the BCSA. Arsynco has to date declined to participate in the development and performance of the NRD assessment process. Based on prior practice in similar situations, it is possible that the State may assert a claim for natural resource damages with respect to the Arsynco site itself, and either the federal government or the State (or both) may assert claims against Arsynco for natural resource damages in connection with Berry's Creek; any such claim with respect to Berry's Creek could also be asserted against the approximately 150 PRPs which the EPA has identified in connection with that site. Any claim for natural resource damages with respect to the Arsynco site itself may also be asserted against BASF, the former owners of the Arsynco property. In September 2012, Arsynco entered into an agreement with three of the other PRPs that had previously been impleaded into New Jersey Department of Environmental Protection, et al. v. Occidental Chemical Corporation, et al., Docket No. ESX-L-9868-05 (the "NJDEP Litigation") and were considering impleading Arsynco into the same proceeding. Arsynco entered into an agreement to avoid impleader. Pursuant to the agreement, Arsynco agreed to (1) a tolling period that would not be included when computing the running of any statute of limitations that might provide a defense to the NJDEP Litigation; (2) the waiver of certain issue preclusion defenses in the NJDEP Litigation; and (3) arbitration of certain potential future liability allocation claims if the other parties to the agreement are barred by a court of competent jurisdiction from proceeding against Arsynco. In July 2015, Arsynco was contacted by an allocation consultant retained by a group of the named PRPs, inviting Arsynco to participate in the allocation among the PRPs' investigation and remediation costs relating to the BCSA. Arsynco declined that invitation. Since an amount of the liability cannot be reasonably estimated at this time, no accrual is recorded for these potential future costs. The impact of the resolution of this matter on the Company's results of operations in a particular reporting period is not currently known.

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A subsidiary of the Company markets certain agricultural protection products which are subject to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). FIFRA requires that test data be provided to the EPA to register, obtain and maintain approved labels for pesticide products. The EPA requires that follow-on registrants of these products compensate the initial registrant for the cost of producing the necessary test data on a basis prescribed in the FIFRA regulations. Follow-on registrants do not themselves generate or contract for the data. However, when FIFRA requirements mandate that new test data be generated to enable all registrants to continue marketing a pesticide product, often both the initial and follow-on registrants establish a task force to jointly undertake the testing effort. The Company is presently a member of several such task force groups, which requires payments for such memberships. In addition, in connection with our agricultural protection business, the Company plans to acquire product registrations and related data filed with the United States Environmental Protection Agency to support such registrations and other supporting data for several products. The acquisition of these product registrations and related data filed with the United States Environmental Protection Agency as well as payments to various task force groups could approximate $1,802 through fiscal 2017, of which $0 has been accrued as of June 30, 2016 and June 30, 2015.

The Company leases office facilities in the United States, The Netherlands, Germany, France, Singapore and the Philippines expiring at various dates between October 2014 and June 2021.

At June 30, 2016, the future minimum lease payments for office facilities and equipment for each of the five succeeding years and in the aggregate are as follows:

Fiscal year	Amount
2017	$ 1,419
2018	877
2019	377
2020	69
2021	3
Thereafter	-
	$ 2,745

Total rental expense amounted to $1,265, $1,567 and $1,576 for fiscal 2016, 2015 and 2014, respectively.

(17) Related Party Transactions

During fiscal 2016, 2015 and 2014, the Company purchased inventory from its joint venture in the amount of $2,831, $3,204 and $2,808, respectively.

(18) Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which will change certain aspects of accounting for share-based payments to employees. ASU 2016-09 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2016. The Company is currently evaluating the impact of the provisions of ASU 2016-09.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* that replaces existing lease guidance. The new standard is intended to provide enhanced transparency and comparability by requiring lessees to record right-of-use assets and corresponding lease liabilities on the balance sheet. The new guidance will continue to classify leases as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income. ASU 2016-02 is effective for fiscal years (and interim reporting periods within those years) beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASU 2016-02.

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In November 2015, the FASB issued ASU 2015-17, *Income Taxes (Topic 740) Balance Sheet Classification of Deferred Assets.* This ASU is intended to simplify the presentation of deferred taxes on the balance sheet and will require an entity to present all deferred tax assets and deferred tax liabilities as non-current on the balance sheet. Under the current guidance, entities are required to separately present deferred taxes as current or non-current. Netting deferred tax assets and deferred tax liabilities by tax jurisdiction will still be required under the new guidance. This guidance will be effective for Aceto beginning in the first quarter of fiscal 2018, with early adoption permitted. The Company does not believe this new accounting standard update will have a material impact on its consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations (Topic 805); Simplifying the Accounting for Measurement-Period Adjustments.* This ASU requires that an acquirer in a business combination recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustments amounts are determined. This is in contrast to existing guidance that requires retrospective adjustments to provisional amounts recognized in a business combination. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The Company does not believe that this updated standard will have a material impact on the Company’s consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330) – Simplifying the Measurement of Inventory.* This ASU requires that an entity measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact of adopting this guidance.

In April 2015, the FASB issued ASU 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. The FASB issued ASU 2015-03 to simplify the presentation of debt issuance costs related to a recognized debt liability to present the debt issuance costs as a direct deduction from the carrying value of the debt liability rather than showing the debt issuance costs as a deferred charge on the balance sheet. In August 2015, the FASB issued ASU 2015-15, *Interest—Imputation of Interest (Subtopic 835-30) Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements,* which clarified that debt issuance costs associated with line of credit arrangements may continue to be presented as an asset, regardless of whether there are any outstanding borrowings on the line of credit arrangement. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015, with early adoption permitted. As previously discussed in Note 9, the Company adopted ASU 2015-03 during the second quarter of fiscal year 2016.

In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis.* ASU 2015-02 changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. ASU 2015-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. The Company believes the adoption of ASU 2015-02 will not have an impact on its consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40)*. This ASU provides guidance to determine when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. ASU 2014-15 will be effective for all entities in the first annual period ending after December 15, 2016. Earlier adoption is permitted. ASU 2014-15 will be effective for the Company beginning June 30, 2017. The Company does not believe that this pronouncement will have an impact on its consolidated financial statements.

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* which is the new comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under U.S. GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In August 2015, the FASB subsequently issued ASU 2015-14, *Revenue from Contracts with Customers - Deferral of the Effective Date*, which approved a one year deferral of ASU 2014-09 for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. In March 2016 and April 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, and ASU 2016-10, *Revenue from Contracts with Customers - Identifying Performance Obligations and Licensing*, respectively, which further clarify the guidance related to those specific topics within ASU 2014-09. Additionally, in May 2016, the FASB issued ASU 2016-12, *Revenue from Contracts with Customers - Narrow Scope Improvements and Practical Expedients,* to reduce the risk of diversity in practice for certain aspects in ASU 2014-09, including collectibility, noncash consideration, presentation of sales tax and transition. The Company has not determined the impact of adoption on its consolidated financial statements.

(19) Segment Information

The Company's business is organized along product lines into three principal segments: Human Health, Pharmaceutical Ingredients and Performance Chemicals.

Human Health - includes finished dosage form generic drugs and nutraceutical products.

Pharmaceutical Ingredients – includes pharmaceutical intermediates and active pharmaceutical ingredients (“APIs”).

Performance Chemicals - The Performance Chemicals segment is made up of two product groups: Specialty Chemicals and Agricultural Protection Products. Specialty Chemicals include a variety of chemicals used in the manufacture of plastics, surface coatings, cosmetics and personal care, textiles, fuels and lubricants, perform to their designed capabilities. Dye and pigment intermediates are used in the color-producing industries such as textiles, inks, paper, and coatings. Organic intermediates are used in the production of agrochemicals.

Agricultural Protection Products include herbicides, fungicides and insecticides that control weed growth as well as control the spread of insects and other microorganisms that can severely damage plant growth.

The Company's chief operating decision maker evaluates performance of the segments based on net sales, gross profit and income before income taxes. Unallocated corporate amounts are deemed by the Company as administrative, oversight costs, not managed by the segment managers. The Company does not allocate assets by segment because the chief operating decision maker does not review the assets by segment to assess the segments' performance, as the assets are managed on an entity-wide basis. During all periods presented, our chief operating decision maker has been the Chief Executive Officer of the Company. In accordance with GAAP, the Company has aggregated certain operating segments into reportable segments because they have similar economic characteristics, and the operating segments are similar in all of the following areas: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and (e) the nature of the regulatory environment.

	Human Health	Pharmaceutical Ingredients	Performance Chemicals	Unallocated Corporate	Consolidated Totals
2016					
Net sales	$228,035	$ 161,011	$ 169,478	$ -	$ 558,524
Gross profit	77,880	28,752	36,153	-	142,785
Income before income taxes	36,362	11,856	17,799	(12,163)	53,854
2015					
Net sales	$225,263	$ 149,296	$ 172,392	$ -	$ 546,951
Gross profit	75,749	26,683	33,002	-	135,434
Income before income taxes	35,152	8,697	14,289	(4,273)	53,865
2014					
Net sales	$160,217	$ 176,425	$ 173,537	$ -	$ 510,179
Gross profit	48,496	36,615	29,592	-	114,703
Income before income taxes	19,710	17,557	13,273	(5,866)	44,674

ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

Net sales and gross profit by source country for the years ended June 30, 2016, 2015 and 2014 were as follows:

	Net Sales			Gross Profit		
	2016	2015	2014	2016	2015	2014
United States	$400,883	$407,101	$355,715	$117,180	$111,734	$82,573
Germany	76,666	69,889	84,024	15,154	14,660	22,614
Netherlands	16,217	14,656	14,869	1,598	1,325	1,581
France	30,177	27,976	29,412	4,043	3,634	4,182
Asia-Pacific	34,581	27,329	26,159	4,810	4,081	3,753
Total	$558,524	$546,951	$510,179	$142,785	$135,434	$114,703

Sales generated from the United States to foreign countries amounted to $23,810, $38,295 and $31,156 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively.

Long-lived assets by geographic region as of June 30, 2016 and June 30, 2015 were as follows:

	Long-lived assets	
	2016	2015
United States	$152,701	$152,886
Europe	2,504	2,544
Asia-Pacific	1,781	1,893
Total	$156,986	$157,323

(20) Unaudited Quarterly Financial Data

The following is a summary of the unaudited quarterly results of operations for the years ended June 30, 2016 and 2015.

Fiscal year ended June 30, 2016	For the quarter ended September 30, 2015	December 31, 2015	March 31, 2016(1)	June 30, 2016(2)
Net sales	$133,500	$ 131,674	$157,926	$135,424
Gross profit	34,581	35,868	38,289	34,047
Net income	9,298	8,270	10,424	6,774
Net income per diluted share	$0.32	$ 0.28	$0.35	$0.23

Fiscal year ended June 30, 2015	For the quarter ended September 30, 2014	December 31, 2014	March 31, 2015	June 30, 2015(3)
Net sales	$130,803	$ 123,765	$145,796	$146,587
Gross profit	27,651	30,019	36,598	41,166
Net income	4,828	6,608	8,411	13,636
Net income per diluted share	$0.17	$ 0.23	$0.29	$0.46

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ACETO CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016, 2015 AND 2014

(in thousands, except per-share amounts)

The net income per common share calculation for each of the quarters is based on the weighted average number of shares outstanding in each period. Therefore, the sum of the quarters in a year does not necessarily equal the year's net income per common share.

(1) Includes pretax items consisting of $833 reversal of contingent consideration related to the PACK acquisition and $241 reversal of contingent consideration related to the acquisition of a company in France.

(2) Includes pretax item of $1,313 environmental remediation charge in connection with Arsynco.

(3) Includes pretax items consisting of $1,618 environmental remediation charge in connection with Arsynco, $3,468 reversal of contingent consideration related to the PACK acquisition and $3,497 change in estimate for product returns.

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Schedule II

ACETO CORPORATION AND SUBSIDIARIES

Valuation and Qualifying Accounts

For the years ended June 30, 2016, 2015 and 2014

(dollars in thousands)

Description	Balance at beginning of year	Charged to costs and expenses	Charged to other accounts	Deductions		Balance at end of year
Year ended June 30, 2016						
Allowance for doubtful accounts	$ 691	$ 76	-	$ 254	(a)	$ 513
Year ended June 30, 2015						
Allowance for doubtful accounts	$ 517	$ 484	-	$ 310	(a)	$ 691
Year ended June 30, 2014						
Allowance for doubtful accounts	$ 1,294	$ 8	-	$ 785	(a)	$ 517

(a) Specific accounts written off as uncollectible.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACETO
CORPORATION

By/s/ Salvatore Guccione
Salvatore Guccione,
President and Chief
Executive Officer
(Principal Executive
Officer)

Date: August 26, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/Salvatore Guccione Salvatore Guccione	President and Chief Executive Officer (Principal Executive Officer)	08-26-16
/s/Douglas Roth Douglas Roth	Assistant Secretary/Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	08-26-16
/s/ Albert L. Eilender Albert L. Eilender	Chairman	08-26-16
/s/Hans C. Noetzli Hans C. Noetzli	Director	08-26-16
/s/William N. Britton William Britton	Director	08-26-16
/s/ Natasha Giordano	Director	08-26-16

Natasha Giordano

/s/Alan G. Levin Alan G. Levin	Director	08-26-16
/s/ Daniel Yarosh Daniel Yarosh	Director	08-26-16

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EXHIBIT INDEX

Exhibit Number	Description
2.1	Asset Purchase Agreement by and among Aceto Corporation, Sun Acquisition Corp., Rising Pharmaceuticals, Inc., Ronald Gold, and David B. Rosen, dated as of December 15, 2010 (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K dated December 20, 2010).
2.2	Membership Interest Purchase Agreement, dated March 26, 2014, by and among PACK Pharmaceuticals, LLC, the Aschenbrand and O'Brien Family Trust, dated March 2001, Bryan Aschenbrand – Trustee, Dushyant Chipalkattty, Chris Dungan, Aceto Corporation, Rising Pharmaceuticals, Inc. and Chris Dungan, solely in his capacity as the representative of the Sellers (incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K dated March 28, 2014).
2.3	Form of Lock-up Agreement (incorporated by reference to Exhibit 2.2 to our Current Report on Form 8-K dated March 28, 2014).
3.1	Amended and Restated Certification of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2015).
3.2	Amendment to the Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.2 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2015).
3.3	Aceto Corporation By-Laws, amended July 28, 2014 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K dated July 31, 2014).
4.1	Indenture, dated November 16, 2015 between ACETO Corporation and Citibank, N.A. (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K dated November 16, 2015).
4.2	Form of Global 2.00% Convertible Senior Note due 2020 (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K dated November 16, 2015).
10.1	Aceto Corporation 401(k) Retirement Plan, as amended and restated as of July 1, 2002 (incorporated by reference to Exhibit 10.1 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2004 (File Number: 000-04217, Film Number: 041025874)).
10.2	Supplemental Executive Retirement Plan, as amended and restated effective June 30, 2004 and frozen as of December 31, 2004 (incorporated by reference to Exhibit 10.2 to the Company's annual report on Form 10-K for the fiscal year ended June 30, 2004 (File Number: 000-04217, Film Number: 041025874)).
10.3	Aceto Corporation Stock Option Plan (as Amended and Restated effective as of September 19, 1990) (incorporated by reference to Exhibit 10.3 to the Company's annual report on Form 10-K for the

	fiscal year ended June 30, 2010).
10.4	1998 Omnibus Equity Award Plan (incorporated by reference to Exhibit 10(v) (c) to the Company's annual report on Form 10-K for the fiscal year ended June 30, 1999 (File Number: 000-04217, Film Number: 99718824)).
10.5	2002 Stock Option Plan (incorporated by reference to Exhibit 4(i) to Registration Statement No. 333-110653 on Form S-8).
10.6	Supplemental Executive Deferred Compensation Plan, effective March 14, 2005 (incorporated by reference to Exhibit 10.1 to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on March 17, 2005 (File Number: 000-04217, Film Number: 05688328)).
10.7	2007 Long-Term Performance Incentive Plan (incorporated by reference to Exhibit 4(i) to Registration Statement No. 333-149586 on Form S-8).

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10.8	Supplemental Executive Deferred Compensation Plan, amended and restated effective December 8, 2008 (incorporated by reference to Exhibit 10.22 to the Company’s annual report on Form 10-K for the year ended June 30, 2009).
10.9	Purchase and Sale Agreement among Schweizerhall Holding AG, Chemische Fabrik Schweizerhall, Schweizerhall, Inc., Aceto Corporation and Aceto Holding B.V., I.O., dated as of January 28, 2001 (incorporated by reference to Exhibit 2.1 to the Company’s current report on Form 8-K filed with the Securities and Exchange Commission on April 4, 2001 (File Number: 000-04217, Film Number: 1595350)).
10.10	Form of purchase agreement between Shanghai Zhongjin Real Estate Development Company Limited and Aceto (Hong Kong) Limited, dated November 10, 2004 (incorporated by reference to Exhibit 10.1 to the Company’s quarterly report on Form 10-Q for the quarter ended December 31, 2004 (File Number: 000-04217, Film Number: 05588472)).
10.11	Guarantee by Aceto Corporation and subsidiaries in favor of Deutsche Bank, AG, dated March 22, 2001 (incorporated by reference to Exhibit 10.13 to the Company’s annual report on Form 10-K for the year ended June 30, 2001 (File Number: 000-04217, Film Number: 1748270)).
10.12	Reaffirmation Agreement by Aceto Corporation, Aceto Agricultural Chemicals Corporation, CDC Products Corporation, Aceto Pharma Corp., Aceto Realty LLC, Acci Realty Corp. and Arsynco Inc., dated as of April 23, 2010 (incorporated by reference to Exhibit 10.3 to the Company’s current report on Form 8-K filed with the Securities and Exchange Commission on April 28, 2010).
10.13	First Amendment to Asset Purchase Agreement, dated as of December 31, 2010, by and among Aceto Corporation, Sun Acquisition Corp., Rising Pharmaceuticals, Inc., Ronald Gold and David B. Rosen (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated January 5, 2011).
10.14	Aceto Corporation 2010 Equity Participation Plan (incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A filed on October 13, 2010).
10.15	Aceto Corporation Severance Policy (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated January 17, 2012).
10.16	Consulting Agreement by and between Aceto Corporation and Michael Feinman (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated July 3, 2012).
10.17	Aceto Corporation Executive Performance Award Plan (incorporated by reference to Appendix A to our Definitive Proxy Statement on Schedule 14A filed on October 18, 2012).
10.18	Amended and Restated Aceto Corporation 2010 Equity Participation Plan (incorporated by reference to Appendix B to our Definitive Proxy Statement on Schedule 14A filed on October 18, 2012).
10.19	Second Amendment, dated as of December 21, 2012, to Asset Purchase Agreement, dated as of December 15, 2010, by and among Aceto Corporation, Rising Pharmaceuticals, Inc., Pearl Ventures Inc., Ronald Gold and David B. Rosen (incorporated by reference to Exhibit 10.3 to the Company’s quarterly report on Form 10-Q for the quarter ended December 31, 2012).

10.20 Enhanced Severance Protection Letter Agreement, dated April 3, 2013 between Aceto Corporation and Douglas Roth (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated April 5, 2013).

10.21 Aceto Corporation 2013 Senior Executive Retirement Plan (incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2013).

10.22 Note Modification Agreement, dated October 21, 2013, between Aceto Realty LLC and JPMorgan Chase Bank, N.A. (incorporated by reference to Exhibit 10.1 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2013).

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10.23	Amendment No. 1, dated as of December 26, 2013 to the Change in Control Agreement, dated as of July 2, 2012, by and between Aceto Corporation and Salvatore J. Guccione (incorporated by reference to Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2013).
10.24	Commitment Letter dated March 26, 2014, by and among, Aceto Corporation and the Lead Arrangers and Commitment Lenders (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated March 28, 2014).
10.25	Credit Agreement, dated as of April 30, 2014, by and among Aceto Corporation, JPMorgan Chase Bank, N.A. as Administrative Agent, Wells Fargo, as Syndication Agent, and the Lenders (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated May 2, 2014).
10.26	Employment Agreement, effective as of January 1, 2015, between Aceto Corporation and Salvatore Guccione (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated December 18, 2014).
10.27	Change in Control Agreement by and between Aceto Corporation and Terry Kippley, dated as of November 5, 2014 (incorporated by reference to Exhibit 10.2 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2014).
10.28	Change in Control Agreement by and between Aceto Corporation and Carlos Restrepo, dated as of November 5, 2014 (incorporated by reference to Exhibit 10.3 to the Company's quarterly report on Form 10-Q for the quarter ended December 31, 2014).
10.29	Change in Control Agreement by and between Aceto Corporation and Salvatore Guccione (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated February 18, 2015).
10.30	Change in Control Agreement by and between Aceto Corporation and Albert L. Eilender (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated February 18, 2015).
10.31	Change in Control Agreement by and between Aceto Corporation and Douglas Roth (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated February 18, 2015).
10.32	Change in Control Agreement by and between Aceto Corporation and Frank DeBenedittis (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated February 18, 2015).
10.33	Change in Control Agreement by and between Aceto Corporation and Satish Srinivasan (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated February 18, 2015).
10.34	Change in Control Agreement by and between Aceto Corporation and Charles J. Alaimo, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.6 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.35	Change in Control Agreement by and between Aceto Corporation and Raymond B. Bartone, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.7 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).

10.36	Change in Control Agreement by and between Aceto Corporation and Terry Kippley, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.8 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.37	Change in Control Agreement by and between Aceto Corporation and Carlos Restrepo, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.9 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.38	Change in Control Agreement by and between Aceto Corporation and Steven S. Rogers, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.10 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).

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10.39	Change in Control Agreement by and between Aceto Corporation and Nicholas I. Shackley, dated as of February 13, 2015 (incorporated by reference to Exhibit 10.11 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.40	Amendment No. 1, dated as of June 25, 2015, to the Credit Agreement, dated as of April 30, 2014, by and among Aceto Corporation, JPMorgan Chase Bank, N.A. as Administrative Agent and the Lenders (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated June 25, 2015).
10.41	Aceto Corporation 2015 Equity Participation Plan (incorporated by reference to Appendix B to our Definitive Proxy Statement on Schedule 14A filed on October 26, 2015).
10.42	Amended and Restated Credit Agreement, dated as of October 28, 2015, by and among Aceto Corporation, the other loan parties thereto, JPMorgan Chase Bank N.A., as administrative agent, Wells Fargo Bank, National Association, as syndication agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated October 28, 2015).
10.43	Purchase Agreement, dated November 10, 2015, by and among ACETO Corporation and Wells Fargo Securities, LLC and J.P. Morgan Securities LLC, as representatives of the initial purchasers named therein (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated November 12, 2015).
10.44	Convertible Note Hedge Confirmation, dated November 10, 2015, between ACETO Corporation and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated November 12, 2015).
10.45	Convertible Note Hedge Confirmation, dated November 10, 2015, between ACETO Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated November 12, 2015).
10.46	Warrant Confirmation, dated November 10, 2015, between ACETO Corporation and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated November 12, 2015).
10.47	Warrant Confirmation, dated November 10, 2015, between ACETO Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K dated November 12, 2015).
10.48	Amendment No. 1 to the Amended and Restated Credit Agreement, dated as of October 28, 2015, by and among Aceto Corporation, the other loan parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, Wells Fargo Bank, National Association, as syndication agent, and the lenders party thereto (incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K dated November 12, 2015).
10.49	Additional Convertible Note Hedge Confirmation, dated November 18, 2015, between Aceto Corporation and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated November 23, 2015).
10.50	Additional Convertible Note Hedge Confirmation, dated November 18, 2015, between Aceto Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.2 to our Current Report

on Form 8-K dated November 23, 2015).

10.51 Additional Warrant Confirmation, dated November 18, 2015, between Aceto Corporation and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K dated November 23, 2015).

10.52 Additional Warrant Confirmation, dated November 18, 2015, between Aceto Corporation and JPMorgan Chase Bank, National Association (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K dated November 23, 2015).

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10.53	Letter Agreement between Aceto Corporation and Walter J. Kaczmarek III (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated July 18, 2016).
10.54	Change in Control Agreement by and between Aceto Corporation and Walter J. Kaczmarek III, (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K dated July 18, 2016).
21*	Subsidiaries of the Company.
23*	Consent of BDO USA, LLP.
31.1*	Certifications of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certifications of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certifications of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Furnished herewith