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

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended June 30, 2017

Commission file number 000-04217

ACETO CORPORATION

(Exact name of registrant as specified in its charter)

New York	11-1720520
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

4 Tri Harbor Court, Port Washington, NY 11050
(Address of principal executive offices)

(516) 627-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act:

Common Stock, par value $.01 per share	The NASDAQ Global Select Market
(Title of Class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act.
Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).Yes ☒ No ☐

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

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

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

The aggregate market value of the voting stock of the Company held by non-affiliates of the Company based on the closing price of the common stock on December 31, 2016 as reported on the NASDAQ Global Select Market was approximately $564,677,707.

The Registrant has 30,109,417 shares of common stock outstanding as of August 21, 2017.

Documents incorporated by reference: The information required in response to Part III of this Annual Report on Form 10-K is hereby incorporated by reference to the specified portions of the Registrant's definitive proxy statement for the annual meeting of shareholders.

ACETO CORPORATION

FORM 10-K/A

TABLE OF CONTENTS

Explanatory Note

(all dollar amounts in this Explanatory Note are expressed in thousands)

As previously reported in a Form 8-K filed on November 3, 2017, Aceto Corporation (the "Company," "we," "us," or "our") has identified and recorded an adjustment related to the misapplication of cash in the fiscal year ended June 30, 2015. The correction resulted in a $4,007 decrease to trade receivables as of June 30, 2015, 2016 and 2017, a $1,402 increase to other receivables as of June 30, 2015, 2016 and 2017, a $4,007 reduction in net sales for the year ended June 30, 2015 and a $2,605 reduction in net income for the year ended June 30, 2015. We have performed a qualitative and quantitative analysis of this misapplication and have determined that it is not material to fiscal year 2015.

A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Also as previously reported, after discussion with the Company's Audit Committee and BDO USA, LLP ("BDO"), the Company's independent registered accounting firm, the Company determined that the above-mentioned adjustment demonstrated that there was a material weakness in the design and effectiveness of our internal control over financial reporting, in that our system of internal control did not generate a report that could be used by management to assure that precision in the review of the aging of trade receivables was adequate. As a result of this material weakness, a reasonable possibility existed that a material misstatement in trade receivables in our annual or interim financial statements could occur and not be prevented or detected on a timely basis.

We are filing this Amendment No. 1 on Form 10-K/A (this "Amendment") to our annual report on Form 10-K for the fiscal year ended June 30, 2017, which was originally filed on August 25, 2017 (the "Original Filing"), in order to:

- amend Item 1A, "Risk Factors", to modify our risk related to internal controls to refer to the above-mentioned material weakness;
- amend Item 8, "Financial Statements and Supplementary Data" for the change in the Report of Independent Registered Public Accounting Firm, in relation to the independent registered public accounting firm's report on our internal control over financial reporting;
- make revisions for immaterial errors in the consolidated financial statements previously issued in the Original Filing relating to the corrections noted in the first paragraph of this Explanatory Note, in Item 1, "Business", Item 6, "Selected Financial Data", Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data"; and
- amend Item 9A, "Controls and Procedures" with respect to (i) our conclusions regarding the effectiveness of our disclosure controls and procedures and our internal control over financial reporting and (ii) BDO's related attestation report due to the material weakness described above identified subsequent to the issuance of our Original Filing.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), new certifications of our principal executive officer and principal financial officer are also being filed as exhibits to this Amendment. Similarly, revised XBRL exhibits are being filed as exhibits to this Amendment. As a result, Item 15, "Exhibits, Financial Statement Schedules", has also been modified.

This Amendment should be read in conjunction with the Original Filing, which continues to speak as of the date of the Original Filing. Except as specifically noted above, this Amendment does not modify or update disclosures in the Original Filing. Accordingly, this Amendment does not reflect events occurring after the filing of the Original Filing or modify or update any related or other disclosures.

PART I

CAUTIONARY STATEMENT RELATING TO THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Annual Report on Form 10-K contains forward-looking statements as that term is defined in the federal securities laws. The events described in forward-looking statements contained in this Annual Report on Form 10-K may not occur. Generally, these statements relate to our business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, financing plans, projected or anticipated benefits from acquisitions that we may make, or projections involving anticipated revenues, earnings or other aspects of our operating results or financial position, and the outcome of any contingencies. Any such forward-looking statements are based on current expectations, estimates and projections of management. We intend for these forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements. Words such as "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, that may influence the accuracy of the statements and the projections upon which the statements are based. Factors that may affect our results include, but are not limited to, the risks and uncertainties discussed in Item 1A of this Annual Report on Form 10-K.

Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether from new information, future events or otherwise.

NOTE REGARDING DOLLAR AMOUNTS

In this Annual Report on Form 10-K, all dollar amounts are expressed in thousands, except share prices and per-share amounts.

Item 1. Business

General

Aceto Corporation, together with its consolidated subsidiaries, are referred to herein collectively as "Aceto", "the Company", "we", "us", and "our", unless the context indicates otherwise. Aceto was incorporated in 1947 in the State of New York. We are an international company engaged in the development, marketing, sales and distribution of finished dosage form generic pharmaceuticals, nutraceutical products, pharmaceutical active ingredients and intermediates, specialty performance chemicals inclusive of agricultural intermediates and agricultural protection products. Our business is organized along product lines into three principal segments: Human Health, Pharmaceutical Ingredients and Performance Chemicals.

We believe our main business strengths are sourcing, regulatory support, quality assurance and marketing and distribution. Aceto functions as a virtual manufacturing company, distributing more than 1,100 chemical compounds used principally as finished products or raw materials in the pharmaceutical, nutraceutical, agricultural, coatings and industrial chemical industries. With business operations in ten countries, we believe that our global reach is distinctive in the industry, enabling us to source and supply quality products on a worldwide basis. Leveraging local professionals, we source more than two-thirds of our products from Asia, buying from approximately 500 companies in China and 200 in India. One supplier accounted for 16% of purchases in fiscal 2017 and 0% in 2016.

Strategic relationships with manufacturers of pharmaceutical, nutraceutical, agricultural and specialty chemical products in the United States and internationally serve as a valuable resource to Aceto customers, enabling them to procure vital chemical based products necessary for their diverse and complex applications. A strong global technical network differentiates Aceto from commodity distribution companies. With regional managers in the United States, Europe and Asia, we provide regulatory support and quality assurance for customers and suppliers worldwide. Our regulatory network ensures that all products we distribute are produced to applicable required standards and conform to customer specifications for their intended end use.

Our presence in China, Germany, France, The Netherlands, Singapore, India, Hong Kong, Philippines, the United Kingdom and the United States, along with strategically located warehouses worldwide, enable us to respond quickly to demands from customers worldwide, assuring that a consistent, high-quality supply of pharmaceutical, nutraceutical, specialty chemicals and agricultural protection products are readily accessible. We are able to offer our customers competitive pricing, continuity of supply, and quality control. Highly experienced staff, approximately one-third of whom are technically trained, enable Aceto to meet individual customer needs. Our marketing, sales, regulatory and technical professionals possess an intimate knowledge of worldwide sources of supply and product applications, as well as statutory and technical requirements. Many of our professionals are respected leaders in their industry, bringing 25 or more years of experience to customer applications. This longevity has fostered confidence and loyalty among customers and suppliers.

Aceto partners with customers during the product development process, creating new applications for existing products, as well as new product sourcing opportunities. We offer solutions for product and production challenges, while assisting with quality assurance, government approvals and compliance. All of these value-added services allow Aceto's customers to be more responsive to their end use customers and more competitive in the global marketplace. We believe our 70 years of experience, our reputation for reliability and stability, and our long-term relationships with suppliers have fostered loyalty among our customers.

We remain confident about our business prospects. We anticipate organic growth through our plans to introduce new products for finished dosage form generic drugs, the further globalization of our nutraceutical business, the continued globalization of our Performance Chemicals business, the expansion of our agricultural protection products by investing in product lines and intellectual property, the continued enhancement of our sourcing operations in China and India, and the steady improvement of our quality assurance and regulatory capabilities.

We believe our track record of continuous product introductions demonstrates our commitment to be recognized by the worldwide generic pharmaceutical industry as an important, reliable supplier. Our plans involve seeking strategic acquisitions that enhance our earnings and forming alliances with partners that add to our capabilities, when possible.

Other than product rights and license agreements for certain of our finished dosage form generic products which are part of our Human Health business and U.S. Environmental Protection Agency (EPA) registrations for our Performance Chemicals, we hold no patents, franchises or concessions that we consider material to our operations.

Information concerning revenue and gross profit attributable to each of our reportable segments and geographic information is found in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and in Note 19 to the Consolidated Financial Statements, Part II, Item 8, "Financial Statements and Supplementary Data."

Human Health

Products that fall within the Human Health segment include finished dosage form generic drugs and nutraceutical products. Aceto sells generic prescription products and over-the-counter pharmaceutical products to leading wholesalers, chain drug stores, distributors and mass merchandisers. On December 21, 2016, Aceto's Rising Pharmaceuticals subsidiary ("Rising") completed the acquisition of certain generic products and related assets of entities formerly known as Citron Pharma LLC ("Citron"), and its affiliate Lucid Pharma LLC ("Lucid"). Rising formed two subsidiaries to consummate the product acquisition – Rising Health, LLC (which acquired certain products and related assets of Citron) and Acetris Health, LLC (which acquired certain products and related assets of Lucid). Citron is a privately-held New Jersey-based pharmaceutical company focused on developing and marketing generic pharmaceutical products in partnership with leading generic pharmaceutical manufacturers based in India and the U.S. Lucid is a privately-held New Jersey-based generic pharmaceutical distributor specializing in providing cost-effective products to various agencies of the U.S. Federal Government including the Veterans Administration and the Defense Logistics Agency. Lucid services 18 national contracts with the Federal Government, nearly all of which have 5-year terms.

Aceto and Rising Health possess complementary asset-light business models, drug development and manufacturing partnerships and product portfolios. We believe that, consistent with our strategy of expanding Rising's portfolio of finished dosage form generic products through product development partnerships and acquisitions of late stage assets, abbreviated new drug applications ("ANDAs") and complementary generic drug businesses, this product acquisition significantly expanded our roster of commercialized products and pipeline of products under development. In addition, we believe that this transaction greatly enhanced our size and stature within the generic pharmaceutical industry, expanded our partnership network and offers us opportunities to realize meaningful cost and tax efficiencies, as well as representing an integral component of Aceto's continued strategy to become a Human Health oriented company.

According to a QuintilesIMS press release on May 5, 2017, growth in U.S. spending on prescription medicines fell in 2016 as competition intensified among manufacturers, and payers ramped up efforts to limit price increases. According to the QuintilesIMS Institute study, "Drug spending grew at a 4.8 percent pace in 2016 to $323 billion, less than half the rate of the previous two years, after adjusting for off-invoice discounts and rebates. The surge of innovative medicine introductions paused in 2016, with fewer than half as many new drugs launched than in 2014 and 2015. While the total use of medicines continued to climb—with total prescriptions dispensed reaching 6.1 billion, up 3.3 percent over 2015 levels—the spike in new patients being treated for hepatitis C ebbed, which contributed to the decline in spend. Net price increases—reflecting rebates and other price breaks from manufacturers—averaged 3.5 percent last year, up from 2.5 percent in 2015."

Aceto supplies the raw materials used in the production of nutritional and packaged dietary supplements, including vitamins, amino acids, iron compounds and biochemicals used in pharmaceutical and nutritional preparations.

Pharmaceutical Ingredients

The Pharmaceutical Ingredients segment has two product groups: Active Pharmaceutical Ingredients (APIs) and Pharmaceutical Intermediates.

We supply APIs to many of the major generic drug companies, who we believe view Aceto as a valued partner in their effort to develop and market generic drugs. The process of introducing a new API from pipeline to market spans a number of years and begins with Aceto partnering with a generic pharmaceutical manufacturer and jointly selecting an API, several years before the expiration of a composition of matter patent, for future genericizing. We then identify the appropriate supplier, and concurrently utilizing our global technical network, work to ensure they meet standards of quality to comply with regulations. Our client, the generic pharmaceutical company, will submit the ANDA for U.S. Food and Drug Administration ("FDA") approval or European-equivalent approval. The introduction of the API to market occurs after all the development testing has been completed and the ANDA or European-equivalent is approved and the patent expires or is deemed invalid. Aceto, at all times, has a pipeline of APIs at various stages of development both in the United States and Europe. Additionally, as the pressure to lower the overall cost of healthcare increases, Aceto has focused on, and works very closely with our customers to develop new API opportunities to provide alternative, more economical, second-source options for existing generic drugs. By leveraging our worldwide sourcing, regulatory and quality assurance capabilities, we provide to generic drug manufacturers an alternative, economical source for existing API products.

Aceto has long been a supplier of pharmaceutical intermediates, the complex chemical compounds that are the building blocks used in producing APIs. These are the critical components of all drugs, whether they are already on the market or currently undergoing clinical trials. Faced with significant economic pressures as well as ever-increasing regulatory barriers, the innovative drug companies look to Aceto as a source for high quality intermediates.

Aceto employs, on occasion, the same second source strategy for our pharmaceutical intermediates business that we use in our API business. Historically, pharmaceutical manufacturers have had one source for the intermediates needed to produce their products. Utilizing our global sourcing, regulatory support and quality assurance network, Aceto works with the large, global pharmaceutical companies, sourcing lower cost, quality pharmaceutical intermediates that will meet the same high level standards that their current commercial products adhere to.

According to a QuintilesIMS press release on December 6, 2016, "total spending on medicines is forecast to reach $1.5 trillion by 2021, up 33 percent from 2016 levels, even as annual growth moderates from the record pace set in 2014 and 2015, according to new research released by the QuintilesIMS Institute. While historically large numbers of high-quality new medicines will emerge from the R&D pipeline in the next five years, pricing and market access pressures, lower volume growth in pharmerging markets and greater savings from patent expiries will contribute to the lower rate of growth. The report, *Outlook for Global Medicines Through 2021: Balancing Cost and Value*, found that medicine spending will grow at a 4-7 percent compound annual rate during the next five years, down from the nearly 9 percent growth level seen in 2014 and 2015. The total global spend for pharmaceuticals through 2021 will increase by $367 billion on a constant-dollar basis. Spending is measured at the ex-manufacturer level before adjusting for rebates, discounts, taxes and other adjustments that affect net sales received by manufacturers. The impact of these factors is estimated to reduce growth by $127 billion, or approximately 35 percent of the growth forecast through 2021."

Performance Chemicals

The Performance Chemicals segment includes specialty chemicals and agricultural protection products.

Aceto is a major supplier to many different industrial segments providing chemicals used in the manufacture of plastics, surface coatings, cosmetics and personal care, textiles, fuels and lubricants. The paint and coatings industry produces products that bring color, texture, and protection to houses, furniture, packaging, paper, and durable goods. Many of today's coatings are eco-friendly, by allowing inks and coatings to be cured by ultraviolet light instead of solvents, or allowing power coatings to be cured without solvents. These growing technologies are critical in protecting and enhancing the world's ecology and Aceto is focused on supplying the specialty additives that make modern coating techniques possible.

The chemistry that makes much of the modern world possible is often done by building up simple molecules to sophisticated compounds in step-by-step chemical processes. The products that are incorporated in each step are known as intermediates and they can be as varied as the end uses they serve, such as crop protection products, dyes and pigments, textiles, fuel additives, electronics - essentially all things chemical.

Aceto provides various specialty chemicals for the food, flavor, fragrance, paper and film industries. Aceto's raw materials are also used in sophisticated technology products, such as high-end electronic parts used for photo tooling, circuit boards, production of computer chips, and in the production of many of today's modern gadgets.

According to a July 14, 2017 Federal Reserve Statistical Release, in the second quarter of calendar year 2017, the index for consumer durables, which impacts the Specialty Chemicals business of the Performance Chemicals segment, is expected to increase at an annual rate of 1.3%.

Aceto's agricultural protection products include herbicides, fungicides and insecticides, which control weed growth as well as the spread of insects and microorganisms that can severely damage plant growth. One of Aceto's most widely used agricultural protection products is a sprout inhibitor that extends the storage life of potatoes. Utilizing our global sourcing and regulatory capabilities, we identify and qualify manufacturers either producing the product or with knowledge of the chemistry necessary to produce the product, and then file an application with the U.S. EPA for a product registration. Aceto has an ongoing working relationship with manufacturers in China and India to determine which of the non-patented or generic, agricultural protection products they produce can be effectively marketed in the Western world. We have successfully brought numerous products to market. We have a strong pipeline, which includes future additions to our product portfolio. The combination of our global sourcing and regulatory capabilities makes the generic agricultural market a niche for us and we will continue to offer new product additions in this market. In the National Agricultural Statistics Services release dated June 30, 2017, the total crop acreage planted in the United States in 2017 decreased by .3% to 318 million acres from 319 million acres in 2016. The number of peanut acres planted in 2017 increased 8.8% from 2016 levels while sugarcane acreage harvested decreased 3.4% from 2016. In addition, the potato acreage harvested in 2017 increased approximately .7% from the 2016 level.

Research and Development Expenses

Research and development expenses (R&D) represent investment in our generic finished dosage form product pipeline. R&D expenses during fiscal years 2017, 2016 and 2015 were $7,898, $7,937 and $5,942 respectively.

Long-lived Assets

Long-lived assets, excluding property held for sale, by geographic region as of June 30, 2017, 2016 and 2015 were as follows:

	Long-lived assets		
	2017	2016	2015
United States	$ 528,359	$ 152,701	$ 152,886
Europe	2,538	2,504	2,544
Asia-Pacific	1,582	1,781	1,893
Total	$ 532,479	$ 156,986	$ 157,323

Suppliers and Customers

We will only purchase products from specifically approved plants that meet strict guidelines for quality. We regularly visit our suppliers to evaluate them not only on the basis of ability to deliver satisfactory products on a timely and cost efficient basis, but also on quality system, facilities and equipment system, materials system, production system, packaging and labeling system, and laboratory control system. During the fiscal years ended June 30, 2017 and 2016 approximately 62% and 56%, respectively, of our purchases were from Asia and approximately 17% and 22%, respectively, were from Europe.

Our customers are primarily located throughout the United States, Europe and Asia. We will continue our program of regular visits to our suppliers' plants, and will continue to educate them on the quality of product and service required by our customers. Aceto is uniquely able to do this, as many of our sales representatives are technically trained (chemists, chemical engineers, biologists, pharmacologists, etc.) most with in-plant or industrial laboratory experience that allows them to effectively communicate customer requirements to sourcing teams. Our customers include a wide range of companies in the industrial chemical, agricultural, and human health and pharmaceutical industries, and range from small trading companies to Fortune 500 companies. During fiscal years 2017, 2016 and 2015, sales made to customers in the United States totaled $465,879, $380,533 and $365,656, respectively. Sales made to customers outside the United States during fiscal years 2017, 2016 and 2015 totaled $172,439, $177,991 and $177,288, respectively, of which, approximately 56%, 56% and 62%, respectively, were to customers located in Europe. One customer (AmerisourceBergen Corporation) accounted for 12% of net sales in fiscal 2017, 14% of net sales in 2016 and 13% of net sales in fiscal 2015. Another customer (McKesson Corporation) accounted for 11% of net sales in fiscal 2017, 7% of net sales in 2016 and 6% of net sales in 2015. No single product accounted for as much as 10% of net sales in fiscal 2017, 2016 or 2015.

Competition

The Company operates in a highly competitive business environment. We compete by offering high-quality products produced around the world by both large and small manufacturers at attractive prices. Because of our long standing relationships with many suppliers as well as our sourcing operations in both China and India, we are able to ensure that any given product is manufactured at a facility that can meet the regulatory requirements for that product. For the most part, we store our inventory of chemical-based products in public warehouses strategically located throughout the United States, Europe, and Asia, and we can therefore fill our customer orders on a timely basis. We have developed ready access to key purchasing, research, and technical executives of our customers and suppliers. This allows us to ensure that when necessary, sourcing decisions can be made quickly. We will also continue to search for new products, as well as for new sources for products where we feel our existing sources have lapsed in either product or delivery quality, and/or have failed to meet the needs of our customers or markets.

Environmental and Regulatory

We are subject to extensive regulation by federal, state and local agencies in the countries in which we do business. Of particular importance is the FDA in the U.S. It has jurisdiction over testing, safety, effectiveness, manufacturing, labeling, marketing, advertising and post-marketing surveillance of our Human Health products.

Certain of our products involve the use, storage and transportation of toxic and hazardous materials. The Company's operations are subject to extensive laws and regulations relating to the storage, handling, transportation and discharge of materials into the environment and the maintenance of safe working conditions. We have designed safety procedures to comply with the standards prescribed by federal, state and local regulations. We promote the use of environmentally friendly recyclable packaging by our suppliers. We endeavor to meet our customers' packaging requirements. We only use warehouses and carriers approved to handle chemicals and that have appropriate permits and licenses. We will endeavor to ensure that each package of each shipment has correct labels and supplier lot numbers, and is in compliance with safety and environmental laws.

Our global quality assurance network, with regional managers in the U.S., Europe and Asia, seeks to ensure that the quality of a product meets both its specifications and intended use. Our technical network performs a service that allows Aceto to source and qualify APIs, pharmaceutical intermediates, finished dosage form generics, agricultural products, specialty chemicals, and nutraceutical products from around the world. It also provides substantial regulatory support and technical assistance to manufacturers worldwide, enabling them to meet the stringent regulatory guidelines that govern the pharmaceutical, nutraceutical, specialty chemicals and agricultural protection industries.

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 connection with the 2016 acquisition of certain products and related assets by Aceto from Lucid, the government contracting business of Citron, Aceto acquired through the government's novation process Lucid's government contracts. The U.S. government has advised Lucid that it is reviewing whether Lucid's supply of certain products under its government contracts complied with the contracts' country-of-origin clauses as mandated by the federal Trade Agreements Act ("TAA"). Aceto is not named in this matter. If the products are found to not have complied with the country-of-origin clauses, then the government could exercise remedies, including termination of one or more of the subject contracts or other statutory damages. By virtue of Aceto's assumption of these contracts, Aceto could be liable for some of these damages. Aceto is entitled to indemnification under the terms of the product purchase agreement governing that transaction from the sellers for damages it may suffer as a result. In order to protect its position and without commenting on the merits of the U.S. government's claim, Aceto has submitted an indemnification claim to the sellers under the product purchase agreement, covering damages that Aceto may suffer as a result of this matter. Aceto has offset rights under the product purchase agreement with respect to future payment obligations that, in Aceto's view, substantially exceed any damages that Aceto may suffer as a result of this matter.

Employees

At June 30, 2017, we had 286 employees, none of whom were covered by a collective bargaining agreement.

Available information

We file annual, quarterly, and current reports, proxy statements, and other information with the U.S. Securities and Exchange Commission ("SEC"). You may read and copy any document we file at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549.

You may call the SEC at 1-800-SEC-0330 for information on the public reference room. The SEC maintains a website that contains annual, quarterly, and current reports, proxy statements, and other information that issuers (including Aceto) file electronically with the SEC. The SEC's website is www.sec.gov.

Our website is www.aceto.com. We make available free of charge through our Internet site, via a link to the SEC's website at www.sec.gov, our annual reports on Form 10-K; quarterly reports on Form 10-Q; current reports on Form 8-K; Forms 3, 4 and 5 filed on behalf of our directors and executive officers; and any amendments to those reports and forms. We make these filings available as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information on our website is not incorporated by reference into this Annual Report on Form 10-K.

Item 1A. Risk Factors

You should carefully consider the following risk factors and other information included in this Annual Report on Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial could also impair our business operations. If any of the following risk factors occur, our reputation, business, financial condition, operating results and cash flows could be materially adversely affected.

If we are unable to compete effectively with our competitors, many of which have greater market presence and resources than us, our reputation, business, financial condition, operating results and cash flows could be materially adversely affected.

Our financial condition and operating results are directly related to our ability to compete in the intensely competitive global pharmaceutical and chemical markets. We face intense competition from global and regional distributors of pharmaceutical and chemical products, many of which are large pharmaceutical and chemical manufacturers as well as distributors. Many of these companies have substantially greater resources than us, including, among other things, greater financial, marketing and distribution resources. We cannot assure you that we will be able to compete successfully with any of these companies. In addition, increased competition could result in price reductions, reduced margins and loss of market share for our products, all of which could materially adversely affect our reputation, business, financial condition, operating results and cash flows.

Our distribution operations of finished dosage form generic drugs and APIs are subject to the risks of the generic pharmaceutical industry.

The ability of our business to provide consistent, sequential quarterly growth is affected, in large part, by our participation in the launch of new products by generic manufacturers and the subsequent advent and extent of competition encountered by these products. Revenues and gross profit derived from the sales of generic pharmaceutical products tend to follow a pattern based on certain regulatory and competitive factors. This competition can result in significant and rapid declines in pricing with a corresponding decrease in net sales. Net selling prices of generic drugs typically decline over time, sometimes dramatically, as additional generic pharmaceutical companies receive approvals and enter the market for a given generic product and competition intensifies. When additional versions of one of our generic products enter the market, we generally lose market share and our selling prices and margins on that product decline.

The approval process for generic pharmaceutical products often results in the FDA granting final approval simultaneously or within close proximity to a number of generic pharmaceutical products at the time a patent claim for a corresponding branded product or other market exclusivity expires. This often forces a generic firm to face immediate competition when it introduces a generic product into the market. Additionally, further generic approvals often continue to be granted for a given product subsequent to the initial launch of the generic product. These circumstances generally result in significantly lower prices, as well as reduced margins, for generic products compared to branded products. New generic market entrants generally cause continued price and margin erosion over the generic product life cycle. As a result, we could be unable to grow or maintain market share with respect to our generic pharmaceutical products, which could materially adversely affect our reputation, business, financial condition, operating results and cash flows.

We may experience declines in sales volumes or prices of certain of our products as the result of the concentration of sales to wholesalers and the continuing trend towards consolidation of such wholesalers and other customer groups which could have a material adverse impact on our business, financial condition, operating results and cash flows.

Wholesalers and retail drug chains have undergone, and are continuing to undergo, significant consolidation. This consolidation may result in these groups gaining additional purchasing leverage and consequently increasing the product pricing pressures facing our finished dosage form generic business. The result of these developments could have a material adverse effect on our business, financial position, results of operations and cash flows.

Our pipeline of products in development may be subject to regulatory delays at the FDA. Delays in key products could have material adverse effects on our reputation, business, financial condition, operating results and cash flows.

Our future revenue growth and profitability are partially dependent upon our ability to introduce new products on a timely basis in relation to our competitors' product introductions. Our failure to do so successfully could materially adversely affect our reputation, business, financial condition, operating results and cash flows. Many products require FDA approval or the equivalent regulatory approvals in our overseas markets prior to being marketed. The process of obtaining FDA/regulatory approval to market new and generic pharmaceutical products is rigorous, time-consuming, costly and often unpredictable. We may be unable to obtain requisite FDA approvals on a timely basis for new generic products.

Pharmaceutical product quality standards are steadily increasing and all products, including those already approved, may need to meet current standards. If our products are not able to meet these standards, we may be required to discontinue marketing and/or recall such products from the market.

Steadily increasing quality standards are applicable to pharmaceutical products still under development and those already approved and on the market. These standards result from product quality initiatives implemented by the FDA, and updated U.S. Pharmacopeial Convention ("USP") Reference Standards. The USP is a scientific nonprofit organization that sets standards for the identity, strength, quality, and purity of medicines, food ingredients, and dietary supplements manufactured, distributed, and consumed worldwide. Pharmaceutical products approved prior to the implementation of new quality standards may not meet these standards, which could require us to discontinue marketing and/or recall such products from the market, either of which could have a material adverse effect on our business, financial position, results of operations and cash flows.

If brand pharmaceutical companies are successful in limiting the use of generics through their legislative and regulatory efforts, our sales of generic products may suffer.

Many brand pharmaceutical companies increasingly have used state and federal legislative and regulatory means to delay generic competition. These efforts have included:

- pursuing new patents for existing products which may be granted just before the expiration of one patent which could extend patent protection for additional years or otherwise delay the launch of generics;
- using the Citizen Petition process to request amendments to FDA standards;
- seeking changes to U.S. Pharmacopoeia, an organization which publishes industry recognized compendia of drug standards;
- attaching patent extension amendments to non-related federal legislation;
- engaging in state-by-state initiatives to enact legislation that restricts the substitution of some generic drugs, which could have an impact on products that we are developing;
- persuading regulatory bodies to withdraw the approval of brand name drugs for which the patents are about to expire and converting the market to another product of the brand company on which longer patent protection exists;
- entering into agreements whereby other generic companies will begin to market an authorized generic, a generic equivalent of a branded product, at the same time or after generic competition initially enters the market;
- filing suits for patent infringement and other claims that may delay or prevent regulatory approval, manufacture, and/or sale of generic products; and,
- introducing "next-generation" products prior to the expiration of market exclusivity for the reference product, which often materially reduces the demand for the generic or the reference product for which we seek regulatory approval.

In the U.S., some companies have lobbied Congress for amendments to the Hatch-Waxman Act that would give them additional advantages over generic competitors. For example, although the term of a company's drug patent can be extended to reflect a portion of the time an NDA is under regulatory review, some companies have proposed extending the patent term by a full year for each year spent in clinical trials rather than the one-half year that is currently permitted.

If proposals like these were to become effective, or if any other actions by our competitors and other third parties to prevent or delay activities necessary to the approval, manufacture, or distribution of our products are successful, our entry into the market and our ability to generate revenues associated with new products may be delayed, reduced, or eliminated, which could have material adverse effects on our reputation, business, financial condition, operating results and cash flows.

A proposed FDA rule allowing generic companies to distribute revised labels that differ from the corresponding reference listed drug ("RLD") could have an adverse effect on our operations because of a potential increase in litigation exposure.

On November 13, 2013, the FDA issued a proposed rule (Docket No. FDA-2013-N-0500) titled "Supplemental Applications Proposing Labeling Changes for Approved Drugs and Biological Products." Pursuant to the rule, the FDA will change existing regulations to allow generic drug application holders, in advance of the FDA's review, to distribute revised labeling, to reflect safety-related changes based on newly acquired information. Currently, the labels of generic drugs must conform to those of the corresponding RLD and any failure-to-warn claims against generic companies are preempted under U.S. Federal law. Once this rule is released, we could be found liable under such failure-to-warn claims if we do not revise our labeling to reflect safety-related changes promptly upon receipt of applicable safety information. While we proactively conduct surveillance for reported safety issues with our products, we cannot guarantee that this will prevent us from being found liable under a failure-to-warn claim. When this proposed regulatory change is adopted, it could increase our potential liability with respect to failure-to-warn claims, which, even if successfully defended, could have material adverse effects on our reputation, business, financial condition, operating results and cash flows.

Our policies regarding returns, allowances, rebates and chargebacks, and marketing programs adopted by wholesalers may reduce our revenues in future fiscal periods.

Based on industry practice, generic drug manufacturers have liberal return policies and have been willing to give customers post-sale inventory allowances. Under these arrangements, from time to time we give our customers credits on our generic products that our customers already hold in inventory after we have decreased the market prices of the same generic products due to competitive pricing. Therefore, if new competitors enter the marketplace and significantly lower the prices of any of their competing products, we could reduce the price of our product. As a result, we would be obligated to provide credits to our customers who are then holding inventories of such products, which could reduce sales revenue and gross margin for the period the credit is provided. Like our competitors, we also give credits for chargebacks to wholesalers that have contracts with us for their sales to hospitals, group purchasing organizations, pharmacies or other customers.

A chargeback is the difference between the price the wholesaler pays and the price that the wholesaler's end-customer pays for a product. Although we establish reserves based on our prior experience and our best estimates of the impact that these policies may have in subsequent periods, we cannot ensure that our reserves are adequate or that actual product returns, allowances, rebates, chargebacks and partnered product liabilities will not exceed our estimates.

The regulatory approval process outside the U.S. varies depending on foreign regulatory requirements, and failure to obtain regulatory approval in foreign jurisdictions would prevent the marketing of our products in those jurisdictions.

We have certain worldwide intellectual property rights to market some of our products and product candidates. We intend to seek approval to market certain of our products outside of the U.S. To market our products in the European Union and other foreign jurisdictions, we must obtain separate regulatory authorization and comply with numerous and varying regulatory requirements. Approval of a product by the comparable regulatory authorities of foreign countries must be obtained prior to marketing that product in those countries. The approval procedure varies among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. The foreign regulatory approval process includes all of the risks associated with obtaining FDA approval set forth herein and approval by the FDA does not ensure approval by the regulatory authorities of any other country, nor does the approval by foreign regulatory authorities in one country ensure approval by regulatory authorities in other foreign countries or the FDA. If we fail to comply with these regulatory requirements or obtain and maintain required approvals, our target market will be reduced and our ability to generate revenue from abroad will be adversely affected.

We have entered into collaborative arrangements that may not result in marketable products.

We regularly enter into collaborative arrangements to develop generic products for us to market in the U.S. We can offer no assurances that these arrangements will result in additional approved products, or that we will be able to market the products at a profit. In addition, any expenses related to trials, or additional studies required by the FDA, that we may incur in connection with these collaborative arrangements may negatively affect our business, financial condition, operating results and cash flows. Specifically:

- trials could be more costly than we anticipate;
- formulation development could take longer and be more costly than we expect; and
- we may be required to obtain specialized equipment in order to manufacture products on a commercial scale.

Any of these events could have a material adverse effect on our business, financial condition, operating results and cash flows.

Our growth and development will depend on developing, commercializing and marketing new products, including both our own products and those developed with our collaboration partners. If we do not do so successfully, our growth and development will be impaired.

Our future revenues and profitability will depend, to a significant extent, upon our ability to successfully commercialize new generic pharmaceutical products in a timely manner. As a result, we must continually develop and test new products, and these new products must meet regulatory standards and receive requisite regulatory approvals. Products we are currently developing may or may not achieve the technology success or receive the regulatory approvals or clearances necessary for us to market them. Furthermore, the development and commercialization process is time-consuming and costly, and we cannot assure you that any of our products, if and when developed and approved, can be successfully commercialized. Some of our collaboration partners may decide to make substantial changes to a product's formulation or design, may experience financial difficulties or have limited financial resources, any of which may delay the development, commercialization and/or marketing of new products. In addition, if a co-developer on a new product terminates our collaboration agreement or does not perform under the agreement, we may experience delays and, possibly, additional costs in developing and marketing that product.

The time necessary to develop generic drugs may adversely affect whether, and the extent to which, we receive a return on our capital.

We generally begin our development activities for a new generic drug product several years in advance of the patent expiration date of the brand-name drug equivalent. The development process, including drug formulation, testing, and FDA review and approval, often takes three or more years. This process requires that we expend considerable capital to pursue activities that do not yield an immediate or near-term return. Also, because of the significant time necessary to develop a product, the actual market for a product at the time it is available for sale may be significantly less than the originally projected market for the product, including the possibility that the product has become eligible for OTC sales. If this were to occur, our potential return on our investment in developing the product, if approved for marketing by the FDA, would be adversely affected and we may never receive a return on our investment in the product.

If we experience product recalls, we may incur significant and unexpected costs, and our business reputation could be adversely affected.

We may be exposed to product recalls and adverse public relations if our products are alleged to cause injury or illness, or if we are alleged to have violated governmental regulations. A product recall could result in substantial and unexpected expenditures, which would reduce operating profit and cash flow. In addition, a product recall may require significant management attention. Product recalls may hurt the value of our brands and lead to decreased demand for our products. Product recalls also may lead to increased scrutiny by federal, state or international regulatory agencies of our operations and increased litigation and could have a material adverse effect on our reputation, business, financial condition, operating results and cash flows.

Dependence on a limited number of suppliers of Human Health and Pharmaceutical Ingredients products could lead to delays, lost revenue or increased costs.

Our future operating results may depend substantially on our suppliers' ability to timely provide Human Health and Pharmaceutical Ingredients products in connection with ANDAs and such suppliers' ability to supply us with these ingredients or materials in sufficient volumes to meet our production requirements. A number of the ingredients or materials that we use are available from only a single or limited number of qualified suppliers, and may be used across multiple product lines. If there is a significant increase in demand for an ingredient or other material resulting in an inability to meet demand, if an ingredient or material is otherwise in short supply or becomes wholly unavailable, or if a supplier has a quality issue, we may experience delays or increased costs in obtaining that ingredient or material. If we are unable to obtain sufficient quantities of ingredients or other necessary materials, we may experience production delays in our supply.

Each of the following could also interrupt the supply of, or increase the cost of, ingredients or other materials:

- an unwillingness of a supplier to supply ingredients or other materials to us;
- consolidation of key suppliers;
- failure of a key supplier's business process;
- a key supplier's inability to access credit necessary to operate its business; or
- failure of a key supplier to remain in business, to remain an independent supplier, or to adjust to market conditions.

Any interruption in the supply or increase in the cost of ingredients or other materials provided by single or limited source suppliers could have a material adverse effect on our reputation, business, financial condition, operating results and cash flows.

Our success in our Human Health segment is linked to the size and growth rate of the generic pharmaceutical, vitamin, mineral and supplement markets and an adverse change in the size or growth rate of these markets could have a material adverse effect on us.

An adverse change in size or growth rate of the generic pharmaceutical, vitamin, mineral and supplement markets could have a material adverse effect on us. Underlying market conditions are subject to change based on economic conditions, consumer preferences and other factors that are beyond our control, including media attention and scientific research, which may be positive or negative.

Healthcare reform and a reduction in the reimbursement levels by governmental authorities, HMOs, MCOs or other third-party payors could materially adversely affect our business, financial condition, operating results and cash flows.

Third party payors increasingly challenge pricing of pharmaceutical products. The trend toward managed healthcare, the growth of organizations such as HMOs and MCOs and legislative proposals to reform healthcare and government insurance programs could significantly influence the purchase of pharmaceutical products, resulting in lower prices and a reduction in product demand. Such cost containment measures and healthcare reform could affect our ability to sell our products and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Any failure to comply with the complex reporting and payment obligations under Medicare, Medicaid and other government programs may result in litigation or sanctions.

We are subject to various federal and state laws pertaining to healthcare fraud and abuse, including anti-kickback, false claims, marketing and pricing laws. We are also subject to Medicaid and other government reporting and payment obligations that are highly complex and somewhat ambiguous. Violations of these laws and reporting obligations are punishable by criminal and/or civil sanctions and exclusion from participation in federal and state healthcare programs such as Medicare and Medicaid. The recent healthcare reform legislation made several changes to the federal anti-kickback statute, false claims laws, and health care fraud statute such as increasing penalties and making it easier for the government to bring sanctions against pharmaceutical companies. If our past, present or future operations are found to be in violation of any of the laws described above or other similar governmental regulations, we may be subject to the applicable penalty associated with the violation which could adversely affect our ability to operate our business and negatively impact our financial results. Further, if there is a change in laws, regulations or administrative or judicial interpretations, we may have to change our business practices or our existing business practices could be challenged as unlawful, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our future results could be materially affected by a number of public health issues whether occurring in the United States or abroad.

Public health issues, whether occurring in the United States or abroad, could disrupt our operations, disrupt the operations of suppliers or customers, or have a broader adverse impact on consumer spending and confidence levels that would negatively affect our suppliers and customers. We may be required to suspend operations in some or all of our locations, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our revenue stream and related gross profit is difficult to predict.

Our revenue stream is difficult to predict because it is primarily generated as customers place orders and customers can change their requirements or cancel orders. Many of our sales orders are short-term and could be cancelled at any time. As a result, much of our revenue is not recurring from period to period, which contributes to the variability of our results from period to period. In addition, certain of our products carry a higher gross margin than other products, particularly in the Human Health and Pharmaceutical Ingredients segments. Reduced sales of these higher margin products could have a material adverse effect on our operating results. We believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance.

From time to time we may need to rely on licenses to proprietary technologies, which may be difficult or expensive to obtain.

We may need to obtain licenses to patents and other proprietary rights held by third parties to develop, manufacture and market products. If we are unable to timely obtain these licenses on commercially reasonable terms, our ability to commercially market our products may be inhibited or prevented, which could have a material adverse effect on our business, financial condition, operating results and cash flows.

Changes to the industries and markets that Aceto serves could have a material adverse effect on our business, financial condition, operating results and cash flows.

The business environment in which we operate remains challenging. Portions of our operations are subject to the same business cycles as those experienced by automobile, housing, and durable goods manufacturers. Our demand is largely derived from the demand for our customers' products, which subjects us to uncertainties related to downturns in our customers' business and unanticipated customer production shutdowns or curtailments. A material downturn in sales or gross profit due to weak end-user markets and loss of customers could have a material adverse effect on our business, financial condition, operating results and cash flows.

Our operating results could fluctuate in future quarters, which could adversely affect the trading price of our common stock.

Our operating results could fluctuate on a quarterly basis as a result of a number of factors, including, among other things, the timing of contracts, orders, the delay or cancellation of a contract, and changes in government regulations. Any one of these factors could have a significant impact on our quarterly results. In some quarters, our revenue and operating results could fall below the expectations of securities analysts and investors, which would likely cause the trading price of our common stock to decline.

We have significant inventories on hand.

The Company maintains significant inventories. Any significant unanticipated changes in future product demand or market conditions, including, among other things, the current uncertainty in the global market, could materially adversely affect the value of inventory and our business, financial condition, operating results and cash flows.

Failure to obtain products from outside manufacturers could adversely affect our ability to fulfill sales orders to our customers.

We rely on outside manufacturers to supply products for resale to our customers. Manufacturing problems, including, among other things, manufacturing delays caused by plant shutdowns, regulatory issues, damage or disruption to raw material supplies due to weather, including, among other things, any potential effects of climate change, natural disaster or fire, could occur. If such problems occur, we cannot assure you that we will be able to deliver our products to our customers profitably or on time.

Increases in the cost of shipping with our third-party shippers could have a material adverse effect on our business, financial condition, operating results and cash flows.

Shipping is a significant expense in the operation of our business. Accordingly, any significant increase in shipping rates could have an adverse effect on our operating results. Similarly, strikes or other service interruptions by those shippers could cause our operating expenses to rise and adversely affect our ability to deliver products on a timely basis.

We could incur significant uninsured environmental and other liabilities inherent in the chemical/pharmaceutical distribution industry that could materially adversely affect our business, financial condition, operating results and cash flows.

The business of distributing chemicals and pharmaceuticals is subject to regulation by numerous federal, state, local, and foreign governmental authorities. These regulations impose liability for loss of life, damage to property and equipment, pollution and other environmental damage that could occur in our business. Many of these regulations provide for substantial fines and remediation costs in the event of chemical spills, explosions and pollution. While we believe that we are in substantial compliance with all current laws and regulations, we can give no assurance that we will not incur material liabilities that are not covered by insurance or exceed our insurance coverage or that such insurance will remain available on terms and at rates acceptable to us. Additionally, if existing environmental and other regulations are changed, or additional laws or regulations are passed, the cost of complying with those laws could be substantial, thereby materially adversely affecting our business, financial condition, operating results and cash flows.

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.

Our subsidiary, Arsynco, has environmental remediation obligations in connection with its former manufacturing facility in Carlstadt, New Jersey. Estimates of how much it would cost to remediate environmental contamination at this site have increased since the facility was closed in 1993. If the actual costs are significantly greater than estimated, it could have a material adverse effect on our financial condition, operating results and cash flows.

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.

The distribution and sale of some of our products are subject to prior governmental approvals and thereafter ongoing governmental regulation.

Our products are subject to laws administered by federal, state and foreign governments, including the Toxic Substances Control Act as well as regulations requiring registration and approval of many of our products. More stringent restrictions could make our products less desirable, which would adversely affect our revenues and profitability. Some of our products are subject to the EPA registration and re-registration requirements, and are registered in accordance with FIFRA. Such registration requirements are based, among other things, on data demonstrating that the product will not cause unreasonable adverse effects on human health or the environment when used according to approved label directions. Governmental regulatory authorities have required, and may require in the future, that certain scientific data requirements be performed on our products and this may require us, on our behalf or in joint efforts with other registrants, to perform additional testing. Responding to such requirements may cause delays in or the cessation of the sales of one or more of our products which would adversely affect our profitability. We can provide no assurance that any testing approvals or registrations will be granted on a timely basis, if at all, or that our resources will be adequate to meet the costs of regulatory compliance or that the economic benefit of complying with the requirement will exceed our cost.

Incidents related to hazardous materials could materially adversely affect our reputation, business, financial condition, operating results and cash flows.

Portions of our operations require the controlled use of hazardous materials. Although we are diligent in designing and implementing safety procedures to comply with the standards prescribed by federal, state, and local regulations, the risk of accidental contamination of property or injury to individuals from these materials cannot be completely eliminated. In the event of such an incident, we could be liable for any damages that result, which could materially adversely affect our reputation, business, financial condition, operating results and cash flows.

We are also continuing to expand our business in China and India, where environmental, health and safety regulations are still early in their development. As a result, we cannot determine how these laws will be implemented and the impact of such regulation on the Company.

Violations of cGMP and other government regulations could have a material adverse effect on our reputation, business, financial condition and results of operations.

All facilities and manufacturing techniques used to manufacture pharmaceutical products for clinical use or for commercial sale in the United States and other Aceto markets must be operated in conformity with current Good Manufacturing Practices ("cGMP") regulations as required by the FDA and other regulatory bodies. Our suppliers' facilities are subject to scheduled periodic regulatory and customer inspections to ensure compliance with cGMP and other requirements applicable to such products. A finding that we or one or more of our suppliers had materially violated these requirements could result in one or more regulatory sanctions, loss of a customer contract, disqualification of data for client submissions to regulatory authorities and a mandated closing of our suppliers' facilities, which in turn could have a material adverse effect on our reputation, business, financial condition, operating results and cash flows.

Our business could give rise to product liability claims that are not covered by insurance or indemnity agreements or exceed insurance policy or indemnity agreement limitations.

The marketing, distribution and use of pharmaceutical and chemical products involve substantial risk of product liability claims. We could be held liable if any product we or our partners develop or distribute causes injury or is found otherwise unsuitable during product testing, manufacturing, marketing or sale. A successful product liability claim that we have not insured against, that exceeds our levels of insurance or for which we are not indemnified, may require us to pay a substantial amount of damages. In the event that we are forced to pay such damages, this payment could have a material adverse effect on our reputation, business, financial condition, operating results and cash flows.

Rising insurance costs, as well as the inability to obtain certain insurance coverage for risks faced by us, could negatively impact profitability.

The cost of insurance, including workers compensation, product liability and general liability insurance, has risen in recent years and may increase in the future. In response, we may increase deductibles and/or decrease certain coverage to mitigate these costs. These increases and our increased risk due to increased deductibles and reduced coverage could materially adversely affect our business, financial condition, operating results and cash flows. Additionally, certain insurance coverage may not be available to us for risks faced by us. Sometimes the coverage we obtain for certain risks may not be adequate to fully reimburse the amount of damage that we could possibly sustain. Should either of these events occur, the lack of insurance to cover our entire loss could materially adversely affect our business, financial condition, operating results and cash flows.

We source many of our products in China and changes in the political and economic policies of China's government could have a significant impact upon the business we may be able to conduct in China and our financial condition, operating results and cash flows.

Our business operations could be materially adversely affected by the current and future political environment in China. China has operated as a socialist state since the mid-1900s and is controlled by the Communist Party of China. The Chinese government exerts substantial influence and control over the manner in which companies, such as ours, must conduct business activities in China. China has only permitted provincial and local economic autonomy and private economic activities since 1988. The government of China has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy, through regulation and state ownership. Our ability to conduct business in China could be adversely affected by changes in Chinese laws and regulations, including, among others, those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property and other matters. Under its current leadership, the government of China has been pursuing economic reform policies that encourage private economic activity and greater economic decentralization. There is no assurance, however, that the government of China will continue to pursue these policies, or that it will not significantly alter these policies from time to time without notice.

China's laws and regulations governing our current business operations in China are sometimes vague and uncertain. Any changes in such laws and regulations could materially adversely affect our business, financial condition, operating results and cash flows.

China's legal system is a civil law system based on written statutes, in which system decided legal cases have little value as precedents unlike the common law system prevalent in the United States. There are substantial uncertainties regarding the interpretation and application of China's laws and regulations, including among others, the laws and regulations governing the conduct of business in China, or the enforcement and performance of arrangements with customers and suppliers in the event of the imposition of statutory liens, death, bankruptcy and criminal proceedings. The Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, and because of the limited volume of published cases and judicial interpretation and their lack of force as precedents, interpretation and enforcement of these laws and regulations involve significant uncertainties. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new laws or regulations may have on our business in China. If the relevant authorities find that we are in violation of China's laws or regulations, they would have broad discretion in dealing with such a violation, including, among other things: (i) levying fines and (ii) requiring that we discontinue any portion or all of our business in China.

The promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may adversely affect foreign businesses conducting business in China. While the trend of legislation over the last 20 plus years has significantly enhanced the protection of foreign businesses in China, there can be no assurance that a change in leadership, social or political disruption, or unforeseen circumstances affecting China's political, economic or social life, will not affect China's government's ability to continue to support and pursue these reforms. Such a shift could have a material adverse effect on our business and prospects.

Our ability to compete in certain markets we serve is dependent on our ability to continue to expand our capacity in certain offshore locations. However, as our presence in these locations increases, we are exposed to risks inherent to these locations which could materially adversely affect our business, financial condition, operating results and cash flows.

A significant portion of our outsourcing has been shifted to India. As such, we are exposed to the risks inherent to operating in India including, among others, (1) a highly competitive labor market for skilled workers which may result in significant increases in labor costs as well as shortages of qualified workers in the future, and (2) the possibility that the U.S. federal government or the European Union may enact legislation which may disincentivize customers from producing in their local countries which would reduce the demand for the services we provide in India and could materially adversely affect our business, financial condition, operating results and cash flows.

Fluctuations in foreign currency exchange rates could materially adversely affect our business, financial condition, operating results and cash flows.

A substantial portion of our revenue is denominated in currencies other than the U.S. dollar because certain of our foreign subsidiaries operate in their local currencies. Our business, financial condition, operating results and cash flows therefore could be materially adversely affected by fluctuations in the exchange rate between foreign currencies and the U.S. dollar.

Failure to comply with U.S. or non-U.S. laws regulating trade, such as the U.S. Foreign Corrupt Practices Act, could result in adverse consequences, including fines, criminal sanctions, or loss of access to markets.

We are subject to the U.S. Foreign Corrupt Practices Act ("FCPA"), which, among other things, prohibits corporations and individuals from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls. While our employees and agents are required to comply with these laws, we cannot assure you that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics. The occurrence or allegation of these types of events could materially adversely affect our reputation, business, financial condition, operating results and cash flows.

Tax legislation and assessments by various tax authorities could be materially different than the amounts we have provided for in our consolidated financial statements.

We are regularly audited by federal, state, and foreign tax authorities. From time to time, these audits could result in proposed assessments. While we believe that we have adequately provided for any such assessments, future settlements could be materially different than we have provided for and thereby materially adversely affect our earnings and cash flows.

We operate 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 could be exposed to additional tax liabilities. Our effective tax rate is based on our expected geographic mix of earnings, statutory rates, intercompany transfer pricing, and enacted tax rules. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions on a worldwide basis. We believe our tax positions, including, among others, intercompany transfer pricing policies, are consistent with the tax laws in the jurisdictions in which we conduct our business. It is possible that these positions may be challenged by jurisdictional tax authorities and could have a significant impact on our effective tax rate. In addition, from time to time, various legislative initiatives could be proposed that could adversely affect our tax positions. There can be no assurance that our effective tax rate will not be adversely affected by these initiatives. In connection with the Organization for Economic Cooperation and Development Base Erosion and Profit Shifting (BEPS) project, starting in 2017, companies may be required to disclose more information to tax authorities on operations around the world. The Company regularly assesses the likely outcomes of its tax audits to determine the appropriateness of its tax reserves. However, any tax authority could take a position on tax treatment that is contrary to the Company's expectations, which could result in tax liabilities in excess of reserves.

The U.S. Congress and Trump administration may make substantial changes to fiscal, tax, regulation and other federal policies that may adversely affect our business, financial condition, operating results and cash flows.

The Trump administration has called for substantial changes to U.S. fiscal and tax policies, which may include comprehensive corporate and individual tax reform. In addition, the Trump administration has called for significant changes to U.S. trade, healthcare, immigration, foreign, and government regulatory policy. To the extent the U.S. Congress or Trump administration implements changes to U.S. policy, those changes may impact, among other things, the U.S. and global economy, international trade and relations, unemployment, immigration, corporate taxes, healthcare, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business, financial condition, operating results and cash flows. Until we know what policy changes are made and how those changes impact our business and the business of our competitors over the long term, we will not know if, overall, we will benefit from them or be negatively affected by them.

Our business is subject to a number of global economic risks.

From time to time, financial markets in the United States, Europe and Asia have and could experience extreme disruption, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Governments have taken unprecedented actions intending to address extreme market conditions that include severely restricted credit and declines in values of certain assets.

An economic downturn in the businesses or geographic areas in which we sell our products could reduce demand for our products and result in a decrease in revenue that could have a negative impact on our results of operations. Continued volatility and disruption of financial markets in the United States, Europe and Asia could limit our customers' ability to obtain adequate financing or credit to purchase our products or to pay for outstanding invoices owed to us or to maintain operations, and result in a decrease in revenue or cash collections that could have a material adverse effect on our business, financial condition, operating results and cash flows.

We have a significant amount of bank loans.

At June 30, 2017, we have $90,000 of revolving bank loans outstanding and $142,500 outstanding in a bank term loan. If we are unable to generate sufficient cash flow or otherwise obtain funds necessary to make required payments on the credit facility, it will be in default. This current debt arrangement requires us to comply with several financial covenants. Our ability to comply with these covenants may be affected by events beyond our control and could result in a default under our credit facility, which could have a material adverse effect on our business, financial condition, operating results and cash flows.

Even if we are able to meet our debt service obligations, the amount of debt we have could adversely affect us by limiting our ability to obtain any necessary financing in the future for working capital, dividend payments, capital expenditures, debt service requirements, or other purposes. It also places us at a disadvantage relative to our competitors who have lower levels of debt, while making us more vulnerable to a downturn in our business or the economy in general. It also requires us to use a substantial portion of our cash to pay principal and interest on our debt, instead of investing those funds in the business.

Making interest and principal payments on our Convertible Senior Notes due 2020 (the "Notes"), which were issued in November 2015, requires and will continue to require a significant amount of cash, and we may not have sufficient cash flows from our business to make future interest and principal payments.

Our ability to continue to make scheduled interest payments and to make future principal payments on the Notes depends on our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Our business may not continue to generate cash flows from operations sufficient to service our debt. If we are unable to generate such cash flows, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations, including the Notes, which could have a material adverse effect on our business, financial condition, operating results and cash flows.

We may not have the ability to raise the funds necessary to settle conversions of the Notes that we issued in November 2015 or to repurchase such Notes upon a fundamental change, and our senior secured credit facility contains, and our future debt may contain, limitations on our ability to pay cash upon conversion or repurchase of such Notes.

Holders of our Notes have the right to require us to repurchase their notes upon the occurrence of certain fundamental events (each, a "fundamental change") at a fundamental change repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the Notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional shares), we will be required to make cash payments in respect of the Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of notes surrendered therefor or pay cash upon conversions of notes being converted. In addition, our ability to repurchase the Notes or to pay cash upon conversions of the Notes is limited by agreements governing our existing senior secured credit facility, and may be further limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase notes at a time when the repurchase is required by the indenture governing the Notes or to pay any cash payable on future conversions of the Notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could, if not cured within applicable time periods, lead to a default under agreements governing our existing senior secured credit facility, and could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments upon conversions thereof.

Our senior secured credit facility limits our ability to pay any cash amount upon the conversion or repurchase of the Notes.

Our existing senior secured credit facility prohibits us from making any cash payments on the conversion or repurchase of the Notes if an event of default exists under that facility or if, after giving effect to such conversion or repurchase (and any additional indebtedness incurred in connection with such conversion or a repurchase), we would not be in pro forma compliance with our financial covenants under that facility. Any new credit facility that we may enter into in the future may have similar restrictions. Our failure to make cash payments upon the conversion or repurchase of the Notes as required under the terms of the Notes would permit holders of the Notes to accelerate our obligations under the Notes.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the Notes is triggered, holders of notes will be entitled to convert the Notes at any time during specified periods at their option. If one or more holders elect to convert their notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The accounting method for convertible debt securities that may be settled in cash, such as the Notes, could have a material effect on our reported financial results.

In May 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement), which has subsequently been codified as Accounting Standards Codification 470-20, Debt with Conversion and Other Options ("ASC 470-20"). Under ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the Notes is that the equity component is required to be included in the capital in excess of par value section of shareholders' equity on our consolidated balance sheet, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the Notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the Notes to their face amount over the term of the Notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the Notes.

In addition, under certain circumstances, convertible debt instruments (such as the Notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess are issued (which is the policy we intend to follow for settling such excess). If we are unable to use the treasury stock method in the future for the shares issuable upon conversion of the Notes, then our diluted earnings per share would be adversely affected.

We may need to raise additional capital to fund larger acquisitions and investments in the future which may not be available on acceptable terms or at all.

Acquisitions and investments in new products are an important component of our growth strategy. Larger acquisitions and investments will require us to raise additional capital. We may consider issuing additional debt or equity securities in the future to fund potential acquisitions or investments. If we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing shareholders. If we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expense and potentially lowering our credit ratings. We may not be able to market such issuances on favorable terms, or at all, in which case, we may not be able to develop or enhance our products, execute our business plan, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements.

Our acquisition strategy is subject to a number of inherent risks, including, among other things, the risk that our acquisitions may not be successful.

We continually seek to expand our business through acquisitions of other companies that complement our own and through joint ventures, licensing agreements and other arrangements. Any decision regarding strategic alternatives would be subject to inherent risks, and we cannot guarantee that we will be able to identify the appropriate opportunities, successfully negotiate economically beneficial terms, successfully integrate any acquired business, retain key employees, or achieve the anticipated synergies or benefits of the strategic alternative selected. Acquisitions can require significant capital resources and divert our management's attention from our existing business. Additionally, we may issue additional shares in connection with a strategic transaction, thereby diluting the holdings of our existing common shareholders, incur debt or assume liabilities, become subject to litigation, or consume cash, thereby reducing the amount of cash available for other purposes.

If we are unable to manage our growth, our business, financial condition, operating results and cash flows could be materially adversely affected.

We have experienced rapid growth in the past several years, including the acquisition of membership interests of PACK Pharmaceuticals, LLC in fiscal 2014 and the acquisition of certain generic products and related assets of entities formerly known as Citron Pharma LLC and its affiliate Lucid Pharma in fiscal 2017. This growth has required us to expand, upgrade, and improve our administrative, operational, and management systems, internal controls and resources. Failing to manage growth effectively could have a material adverse effect on our business, financial condition, operating results and cash flows.

Any acquisition that we make could result in a substantial charge to our earnings.

We have previously incurred charges to our earnings in connection with acquisitions, and may continue to experience charges to our earnings for any acquisitions that we make, including, among other things, contingent consideration and impairment charges. These costs may also include substantial severance and other closure costs associated with eliminating duplicate or discontinued products, employees, operations and facilities. These charges could have a material adverse effect on our results of operations and they could have a material adverse effect on the market price of our common stock.

We have significant goodwill and other intangible assets. Consequently, potential impairment of goodwill and other intangibles may significantly impact our profitability.

Under U.S. generally accepted accounting principles ("GAAP"), we are required to evaluate goodwill for impairment at least annually. If we determine that the fair value is less than the carrying value, an impairment loss will be recorded in our statement of income. The determination of fair value is a highly subjective exercise and can produce significantly different results based on the assumptions used and methodologies employed. If our projected long-term sales growth rate, profit margins or terminal rate are considerably lower and/or the assumed weighted average cost of capital is considerably higher, future testing may indicate impairment and we would have to record a non-cash goodwill impairment loss in our statement of income.

Our information technology systems could fail to perform adequately or we may fail to adequately protect such information technology systems against data corruption, cyber-based attacks, or network security breaches.

We rely on information technology networks and systems, including the Internet, to process, transmit, and store electronic information. In particular, we depend on our information technology infrastructure to effectively manage its business data, supply chain, logistics, accounting, and other business processes and electronic communications between our personnel and our customers and suppliers. If we do not allocate and effectively manage the resources necessary to build and sustain an appropriate technology infrastructure, our business, financial condition, operating results and cash flows therefore could be materially adversely affected. In addition, security breaches or system failures of this infrastructure can create system disruptions, shutdowns, or unauthorized disclosure of confidential information. If we are unable to prevent such breaches or failures, our operations could be disrupted, or we may suffer financial damage or loss because of lost or misappropriated information.

Our business may be adversely affected if we encounter complications in connection with the upgrade and implementation of our enterprise resource planning ("ERP") system, our information technology systems and infrastructure. Upgrading and integrating our business systems could result in implementation issues and business disruptions.

In recent years, we have implemented or planned implementations of a new ERP system at all of our global locations. We also are planning to implement a new ERP system at our Rising subsidiary, which would include recently acquired assets during fiscal 2017. In general, the process of planning and preparing for these types of implementations is extremely complex and we are required to address a number of challenges including data conversion, system cutover and user training. Problems in any of these areas could cause operational problems during implementation including delayed shipments, missed sales, billing and accounting errors and other operational issues. While we have invested significantly in the operation and protection of data and information technology, there can be no assurance that our efforts will prevent service interruptions, or identify breaches in our systems. Prolonged interruptions or significant breaches could materially adversely affect our business, financial condition, operating results and cash flows.

Our potential liability arising from our commitment to indemnify our directors, officers and employees could materially adversely affect our business, financial condition, operating results and cash flows.

We have committed in our bylaws to indemnify our directors, officers and employees against the reasonable expenses incurred by these persons in connection with any action brought against them in such capacity, except in matters as to which they are adjudged to have breached a duty to us. The maximum potential amount of future payments we could be required to make under this provision is unlimited. While we have "directors and officers" insurance policies that should cover all or some of this potential exposure, we could be adversely affected if we are required to pay damages or incur legal costs in connection with a claim above our insurance limits.

Our business could be materially adversely affected by terrorist activities.

Our business depends on the free flow of products and services through the channels of commerce worldwide. Instability due to military, terrorist, political and economic actions in other countries could materially disrupt our overseas operations and export sales. In fiscal years 2017 and 2016, approximately 27% and 32%, respectively of our revenues were attributable to operations conducted abroad and to sales generated from the United States to foreign countries. In addition, in fiscal year 2017, approximately 62% and 17% of our purchases came from Asia and Europe, respectively. In addition, in certain countries where we currently operate or export, intend to operate or export, or intend to expand our operations, we could be subject to other political, military and economic uncertainties, including, among other things, labor unrest, restrictions on transfers of funds and unexpected changes in regulatory environments.

We rely heavily on key executives for our financial performance.

Our financial performance is highly dependent upon the efforts and abilities of our key executives. The loss of the services of any of our key executives could therefore have a material adverse effect upon our financial position and operating results. We do not maintain "key-man" insurance on any of our key executives.

Shortage of qualified and technical personnel in a competitive marketplace may prevent us from growing our business.

We may be unable to hire or retain qualified and technical employees and there is substantial competition for highly skilled employees. If we fail to attract and retain key employees, our business could be adversely impacted.

Litigation could harm our business and our management and financial resources.

Substantial, complex or extended litigation could cause us to incur large expenditures and could distract our management. For example, lawsuits by employees, stockholders, collaborators, distributors, customers, or end-users of our products or services could be very costly and substantially disrupt our business. Disputes from time to time with such companies or individuals are not uncommon, and we cannot assure you that we will always be able to resolve such disputes out of court or on favorable terms.

The market price of our stock could be volatile.

The market price of our common stock has been subject to volatility and may continue to be volatile in the future, due to a variety of factors, including, among other things:

- quarterly fluctuations in our operating income and earnings per share results
- technological innovations or new product introductions by us or our competitors
- economic conditions
- tariffs, duties and other trade barriers including, among other things, anti-dumping duties
- disputes concerning patents or proprietary rights
- changes in earnings estimates and market growth rate projections by market research analysts
- any future issuances of our common stock, which may include primary offerings for cash, stock splits, issuances in connection with business acquisitions, restricted stock/units and the grant or exercise of stock options from time to time
- sales of common stock by existing security holders
- loss of key personnel
- securities class actions or other litigation

The market price for our common stock may also be affected by our ability to meet analysts' expectations. Any failure to meet such expectations, even slightly, could have an adverse effect on the market price of our common stock. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to the operating performance of these companies.

Our stock repurchase program could affect the price of our common stock and increase volatility. The repurchase program may be suspended or terminated at any time, which could result in a decrease in the trading price of our common stock.

In May 2017, the Board of Directors of the Company authorized the continuation of the Company's stock repurchase program, expiring in May 2020. Under the stock repurchase program, the Company is authorized, but not obligated, 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. Repurchases pursuant to our stock repurchase program could affect our stock price and increase the volatility of our common stock. The existence of a stock repurchase program could also potentially reduce the market liquidity for our stock. Although the stock repurchase program is intended to enhance long-term stockholder value, we cannot provide assurance that this will occur. The stock repurchase program may be suspended or terminated at any time, and we have no obligation to repurchase any amount of our common stock under the program.

There are inherent uncertainties involved in estimates, judgments and assumptions used in preparing financial statements in accordance with U.S. generally accepted accounting principles. Any changes in the estimates, judgments and assumptions we use could have a material adverse effect on our business, financial condition, operating results and cash flows.

The consolidated financial statements included in the periodic reports we file with the SEC are prepared in accordance with GAAP. Preparing financial statements in accordance with GAAP involves making estimates, judgments and assumptions, including accruals for chargebacks, rebates, returns, partnered products and other allowances, that affect reported amounts of assets, liabilities, revenues, expenses and income. Estimates, judgments and assumptions are inherently subject to change, and any such changes could result in corresponding changes to the reported amounts.

Changes in accounting standards issued by the Financial Accounting Standards Board ("FASB") or other standard-setting bodies may adversely affect our financial statements.

Our financial statements are subject to the application of U.S. GAAP, which is periodically revised and/or expanded. Accordingly, from time-to-time we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the FASB and the SEC. It is possible that future accounting standards we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have a material adverse effect on our results of operations and financial condition.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have material adverse effect on our business and stock price.

Section 404 of the Sarbanes-Oxley Act requires us to evaluate annually the effectiveness of our internal controls over financial reporting as of the end of each fiscal year and to include a management report assessing the effectiveness of our internal controls over financial reporting in our Annual Report on Form 10-K. Section 404 also requires our independent registered public accounting firm to report on our internal controls over financial reporting. If we fail to maintain the adequacy of our internal controls, we cannot assure you that we will be able to conclude in the future that we have effective internal controls over financial reporting. If we fail to maintain effective internal controls, we might be subject to sanctions or investigation by regulatory authorities, such as the Securities and Exchange Commission or NASDAQ. Any such action could adversely affect our financial results and the market price of our common stock and may also result in delayed filings with the Securities and Exchange Commission. For example, in connection with the revisions made in this Form 10-K/A, management re-evaluated the effectiveness of our internal control over financial reporting as of June 30, 2017 and concluded that adjustments related to the misapplication of cash in the year ended June 30, 2015 demonstrated that there was a material weakness in the design and effectiveness of our internal control over financial reporting, in that our system of internal control did not generate a report that could be used by management to assure that precision in the review of the aging of trade receivables was adequate. As a result of this material weakness, a reasonable possibility existed that a material misstatement in trade receivables in our annual or interim financial statements could occur and not be prevented or detected on a timely basis and, therefore, that we did not maintain effective internal control over financial reporting as of June 30, 2017. See "Part II, Item 9A - Controls and Procedures". While management believes that it has remediated the underlying causes of this material weakness, if our remediation efforts do not operate effectively, if we are unsuccessful in implementing or following our remediation efforts, or if we are otherwise unable to remediate the material weakness, this may result in untimely or inaccurate reporting of our financial results.

Compliance with changing regulation of corporate governance and public disclosure could result in additional expenses.

Complying with changing laws, regulations and standards relating to corporate governance and public disclosure, including, among others, the Sarbanes-Oxley Act of 2002 and new SEC regulations, will require the Company to expend additional resources. We are committed to maintaining the highest standards of corporate governance and public disclosure. As a result, we may be required to continue to invest necessary resources to comply with evolving laws, regulations and standards, and this investment could result in increased expenses and a diversion of management time and attention from revenue-generating activities.

The expansion of social media platforms present new risks and challenges, which could have a material adverse effect on our reputation, business, financial condition, operating results and cash flows.

The inappropriate use of certain media vehicles could cause brand damage or information leakage or could lead to legal implications from the improper collection and/or dissemination of personally identifiable information. In addition, negative posts or comments about us on any social networking website could seriously damage our reputation. Further, the disclosure of non-public company sensitive information through external media channels could lead to information loss as there might not be structured processes in place to secure and protect information. If our non-public sensitive information is disclosed or if our reputation is seriously damaged through social media, it could have a material adverse effect on our business, financial condition, operating results and cash flows.

PART II

Item 6. Selected Financial Data

(In thousands, except per-share amounts)

Fiscal years ended June 30,	2017	2016	2015	2014	2013
Net sales	$ 638,318	$ 558,524	$ 542,944	$ 510,179	$ 499,690
Operating income	30,554	58,028	52,326	44,272	34,416
Net income	11,376	34,766	30,878	29,000	22,328
At year end					
Working capital	$ 248,750	$ 251,150	$ 182,705	$ 157,831	$ 128,393
Total assets	1,038,185	538,173	487,169	467,984	323,430
Long-term liabilities (including long-term debt)	410,313	137,430	110,563	115,877	38,883
Shareholders' equity	405,067	301,837	251,606	233,584	194,640
Income per common share					
Basic income per common share from net income	$ 0.35	$ 1.19	$ 1.07	$ 1.04	$ 0.83
Diluted income per common share from net income	$ 0.35	$ 1.18	$ 1.06	$ 1.02	$ 0.81
Cash dividends per common share	$ 0.26	$ 0.24	$ 0.24	$ 0.24	$ 0.22

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

Executive Summary

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to provide the readers of our financial statements with a narrative discussion about our business. The MD&A is provided as a supplement to and should be read in conjunction with our financial statements and the accompanying notes.

We are reporting net sales of $638,318 for the year ended June 30, 2017, which represents a 14.3% increase from the $558,524 reported in the comparable prior year. Gross profit for the year ended June 30, 2017 was $140,792 and our gross margin was 22.1% as compared to gross profit of $142,785 and gross margin of 25.6% in the comparable prior year. Our selling, general and administrative costs ("SG&A") for the year ended June 30, 2017 increased to $102,340 from $76,820 which we reported in the prior year. Our net income decreased to $11,376, or $0.35 per diluted share, compared to net income of $34,766, or $1.18 per diluted share for the prior year.

Our financial position as of June 30, 2017, remains strong, as we had cash, cash equivalents and short-term investments of $57,726, working capital of $248,750 and shareholders' equity of $405,067. Shareholders' equity at June 30, 2017 represents a $103,230 increase over our shareholders' equity at June 30, 2016, principally reflecting net assets acquired in our product purchase agreement with Lucid and Citron and our profitability during the most recently completed fiscal year.

Our business is separated into three principal segments: Human Health, Pharmaceutical Ingredients and Performance Chemicals.

Products that fall within the Human Health segment include finished dosage form generic drugs and nutraceutical products. Aceto sells generic prescription products and over-the-counter pharmaceutical products to leading wholesalers, chain drug stores, distributors and mass merchandisers. On December 21, 2016, Rising completed the acquisition of certain generic products and related assets of entities formerly known as Citron Pharma LLC ("Citron"), and its affiliate Lucid Pharma LLC ("Lucid"). Rising formed two subsidiaries to consummate the product acquisition – Rising Health, LLC (which acquired certain products and related assets of Citron) and Acetris Health, LLC (which acquired certain products and related assets of Lucid). Citron is a privately-held New Jersey-based pharmaceutical company focused on developing and marketing generic pharmaceutical products in partnership with leading generic pharmaceutical manufacturers based in India and the U.S. Lucid is a privately-held New Jersey-based generic pharmaceutical distributor specializing in providing cost-effective products to various agencies of the U.S. Federal Government including the Veterans Administration and the Defense Logistics Agency. Lucid services 18 national contracts with the Federal Government, nearly all of which have 5-year terms.

Aceto and Rising Health possess complementary asset-light business models, drug development and manufacturing partnerships and product portfolios. We believe that, consistent with our strategy of expanding our portfolio of finished dosage form generic products through product development partnerships and acquisitions of late stage assets, abbreviated new drug applications ("ANDAs") and complementary generic drug businesses, this product acquisition significantly expanded our roster of commercialized products and pipeline of products under development. In addition, we believe that this transaction greatly enhanced our size and stature within the generic pharmaceutical industry, expanded our partnership network and offers us opportunities to realize meaningful cost and tax efficiencies, as well as representing an integral component of Aceto's continued strategy to become a Human Health oriented company.

Aceto supplies the raw materials used in the production of nutritional and packaged dietary supplements, including vitamins, amino acids, iron compounds and biochemicals used in pharmaceutical and nutritional preparations.

The Pharmaceutical Ingredients segment has two product groups: Active Pharmaceutical Ingredients (APIs) and Pharmaceutical Intermediates.

We supply APIs to many of the major generic drug companies, who we believe view Aceto as a valued partner in their effort to develop and market generic drugs. The process of introducing a new API from pipeline to market spans a number of years and begins with Aceto partnering with a generic pharmaceutical manufacturer and jointly selecting an API, several years before the expiration of a composition of matter patent, for future genericizing. We then identify the appropriate supplier, and concurrently utilizing our global technical network, work to ensure they meet standards of quality to comply with regulations. Our client, the generic pharmaceutical company, will submit the ANDA for U.S. Food and Drug Administration ("FDA") approval or European-equivalent approval. The introduction of the API to market occurs after all the development testing has been completed and the ANDA or European-equivalent is approved and the patent expires or is deemed invalid. Aceto, at all times, has a pipeline of APIs at various stages of development both in the United States and Europe. Additionally, as the pressure to lower the overall cost of healthcare increases, Aceto has focused on, and works very closely with our customers to develop new API opportunities to provide alternative, more economical, second-source options for existing generic drugs. By leveraging our worldwide sourcing, regulatory and quality assurance capabilities, we provide to generic drug manufacturers an alternative, economical source for existing API products.

Aceto has long been a supplier of pharmaceutical intermediates, the complex chemical compounds that are the building blocks used in producing APIs. These are the critical components of all drugs, whether they are already on the market or currently undergoing clinical trials. Faced with significant economic pressures as well as ever-increasing regulatory barriers, the innovative drug companies look to Aceto as a source for high quality intermediates.

Aceto employs, on occasion, the same second source strategy for our pharmaceutical intermediates business that we use in our API business. Historically, pharmaceutical manufacturers have had one source for the intermediates needed to produce their products. Utilizing our global sourcing, regulatory support and quality assurance network, Aceto works with the large, global pharmaceutical companies, sourcing lower cost, quality pharmaceutical intermediates that will meet the same high level standards that their current commercial products adhere to.

The Performance Chemicals segment includes specialty chemicals and agricultural protection products.

Aceto is a major supplier to many different industrial segments providing chemicals used in the manufacture of plastics, surface coatings, cosmetics and personal care, textiles, fuels and lubricants. The paint and coatings industry produces products that bring color, texture, and protection to houses, furniture, packaging, paper, and durable goods. Many of today's coatings are eco-friendly, by allowing inks and coatings to be cured by ultraviolet light instead of solvents, or allowing power coatings to be cured without solvents. These growing technologies are critical in protecting and enhancing the world's ecology and Aceto is focused on supplying the specialty additives that make modern coating techniques possible.

The chemistry that makes much of the modern world possible is often done by building up simple molecules to sophisticated compounds in step-by-step chemical processes. The products that are incorporated in each step are known as intermediates and they can be as varied as the end uses they serve, such as crop protection products, dyes and pigments, textiles, fuel additives, electronics - essentially all things chemical.

Aceto provides various specialty chemicals for the food, flavor, fragrance, paper and film industries. Aceto’s raw materials are also used in sophisticated technology products, such as high-end electronic parts used for photo tooling, circuit boards, production of computer chips, and in the production of many of today's modern gadgets.

Aceto’s agricultural protection products include herbicides, fungicides and insecticides, which control weed growth as well as the spread of insects and microorganisms that can severely damage plant growth. One of Aceto's most widely used agricultural protection products is a sprout inhibitor that extends the storage life of potatoes. Utilizing our global sourcing and regulatory capabilities, we identify and qualify manufacturers either producing the product or with knowledge of the chemistry necessary to produce the product, and then file an application with the U.S. EPA for a product registration. Aceto has an ongoing working relationship with manufacturers in China and India to determine which of the non-patented or generic, agricultural protection products they produce can be effectively marketed in the Western world. We have successfully brought numerous products to market. We have a strong pipeline, which includes future additions to our product portfolio. The combination of our global sourcing and regulatory capabilities makes the generic agricultural market a niche for us and we will continue to offer new product additions in this market.

We believe our main business strengths are sourcing, regulatory support, quality assurance and marketing and distribution. We distribute more than 1,100 chemical compounds used principally as finished products or raw materials in the pharmaceutical, nutraceutical, agricultural, coatings and industrial chemical industries. With business operations in ten countries, we believe that our global reach is distinctive in the industry, enabling us to source and supply quality products on a worldwide basis. Leveraging local professionals, we source more than two-thirds of our products from Asia, buying from approximately 500 companies in China and 200 in India.

In this MD&A, we explain our general financial condition and results of operations, including, among other things, the following:

- factors that affect our business
- our earnings and costs in the periods presented
- changes in earnings and costs between periods
- sources of earnings
- the impact of these factors on our overall financial condition

As you read this MD&A, refer to the accompanying consolidated statements of income, which present the results of our operations for the three years ended June 30, 2017. We analyze and explain the differences between periods in the specific line items of the consolidated statements of income.

Critical Accounting Estimates and Policies

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. In preparing these financial statements, we were required to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We regularly evaluate our estimates including those related to allowances for bad debts, partnered products, inventories, goodwill and indefinite-life intangible assets, long-lived assets, environmental and other contingencies, income taxes, stock-based compensation and purchase price allocation. We base our estimates on various factors, including historical experience, advice from outside subject-matter experts, and various assumptions that we believe to be reasonable under the circumstances, which together form the basis for our making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Since June 30, 2017, there have been no significant changes to the assumptions and estimates related to those critical accounting estimates and policies.

We believe the following critical accounting policies affected our more significant judgments and estimates used in preparing these consolidated financial statements.

Revenue Recognition

We recognize revenue from sales of any product when it is shipped and title and risk of loss pass to the customer. We have no acceptance or other post-shipment obligations and we do not offer product warranties or services to our 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. We record 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.

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.

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.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts relating to estimated losses resulting from customers being unable to make required payments. Allowances for doubtful accounts are based on historical experience and known factors regarding specific customers and the industries in which those customers operate. If the financial condition of our customers were to deteriorate, resulting in their ability to make payments being impaired, additional allowances would be required.

Royalty Income

We have royalty agreements on certain products where third party pharmaceutical and agricultural protection companies market such products. We earn and collect royalty income based on percentages of net profits as defined in those agreements. Royalty income is included in net sales in our Consolidated Statements of Income.

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 finished dosage form generics business 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 the Company 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 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, the Company 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 partners 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 2017, 2016 and 2015, there was approximately $54,454, $41,036 and $51,352 respectively, of shared profits included in cost of sales, related to these types of collaborative arrangements. In the case of a collaborative arrangement where the Company 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.

Inventories

Inventories, which consist principally of finished goods, are stated at the lower of cost (first-in first-out method) and net realizable value. We write down our inventories for estimated excess and obsolete goods by an amount equal to the difference between the carrying cost of the inventory and the estimated net realizable value based upon assumptions about future demand and market conditions. A significant sudden increase in demand for our products could result in a short-term increase in the cost of inventory purchases, while a significant decrease in demand could result in an increase in the excess inventory quantities on-hand. Additionally, we may overestimate or underestimate the demand for our products which would result in our understating or overstating, respectively, the write-down required for excess and obsolete inventory. Although we make every effort to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand could have a significant impact on the value of our inventory and reported operating results.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill is calculated as the excess of the cost of purchased businesses over the value of their underlying net assets. Other indefinite-lived intangible assets principally consist of trademarks. Goodwill and other indefinite-lived intangible assets are not amortized.

In accordance with GAAP, we test goodwill and other indefinite-lived intangible assets for impairment on at least an annual basis. To determine the fair value of these intangible assets, we use many assumptions and estimates that directly impact the results of the testing. In making these assumptions and estimates, we use industry-accepted valuation models and appropriate market participant assumptions that are reviewed and approved by various levels of management. If our estimates or our related assumptions change in the future, we may be required to record impairment charges for these assets.

Long-Lived Assets

In accordance with GAAP, 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. Identifiable intangible assets principally consist of customer relationships, product rights and related intangibles, EPA registrations and related data, patent license, and technology-based intangibles. 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.

Environmental and Other Contingencies

We establish accrued liabilities for environmental matters and other contingencies when it is probable that a liability has been incurred and the amount of the liability can reasonably be estimated. If the contingency is resolved for an amount greater or less than the accrual, or our share of the contingency increases or decreases, or other assumptions relevant to the development of the estimate were to change, we would recognize an additional expense or benefit in income in the period that the determination was made.

Taxes

We account for income taxes in accordance with GAAP. GAAP establishes financial accounting and reporting standards for the effects of income taxes that result from an enterprise's activities during the current and preceding years. It requires an asset-and-liability approach to financial accounting and reporting of income taxes.

As of June 30, 2017, we had current net deferred tax assets of $546 and non-current net deferred tax assets of $12,128. These net deferred tax assets have been recorded based on our projecting that we will have sufficient future earnings to realize these assets, and the net deferred tax assets have been provided for at currently enacted income tax rates. If we determine that we will not be able to realize a deferred tax asset, an adjustment to the deferred tax asset could result in a reduction of net income at that time.

Deferred taxes have not been provided for on the majority of undistributed earnings of foreign subsidiaries since substantially all of these earnings are expected to be indefinitely reinvested in our foreign operations. A deferred tax liability is recognized when we expect that we will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. The Company intends to indefinitely reinvest any undistributed earnings and has no plan for further repatriation. Determination of the amount of the unrecognized U.S. income tax liability on undistributed earnings is not practical because of the complexities of the hypothetical calculation. In addition, we believe unrecognized foreign tax credit carryforwards would be available to reduce a portion of such U.S. tax liability.

Stock-based Compensation

In accordance with GAAP, we are required to record the fair value of stock-based compensation awards as an expense. All restricted stock grants include a service requirement for vesting. We have 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 our 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. Share-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.

Results of Operations

Fiscal Year Ended June 30, 2017 Compared to Fiscal Year Ended June 30, 2016

Net Sales by Segment
Year ended June 30,

Segment	2017 Net sales	2017 % of Total	2016 Net sales	2016 % of Total	Comparison 2017 Over/(Under) 2016 $ Change	Comparison 2017 Over/(Under) 2016 % Change
Human Health	$ 315,395	49.4%	$ 228,035	40.8%	$ 87,360	38.3%
Pharmaceutical Ingredients	157,445	24.7	161,011	28.8	(3,566)	(2.2)
Performance Chemicals	165,478	25.9	169,478	30.4	(4,000)	(2.4)
Net sales	$ 638,318	100.0%	$ 558,524	100.0%	$ 79,794	14.3%

Gross Profit by Segment
Year ended June 30,

Segment	2017 Gross Profit	2017 % of Sales	2016 Gross Profit	2016 % of Sales	Comparison 2017 Over/(Under) 2016 $ Change	Comparison 2017 Over/(Under) 2016 % Change
Human Health	$ 78,109	24.8%	$ 77,880	34.2%	$ 229	0.3%
Pharmaceutical Ingredients	25,474	16.2	28,752	17.9	(3,278)	(11.4)
Performance Chemicals	37,209	22.5	36,153	21.3	1,056	2.9
Gross profit	$ 140,792	22.1%	$ 142,785	25.6%	$ (1,993)	(1.4)%

Net Sales

Net sales increased $79,794 or 14.3%, to $638,318 for the year ended June 30, 2017, compared with $558,524 for the prior year. We reported sales increases in our Human Health segment and decreases in our Pharmaceutical Ingredients and Performance Chemicals segment.

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 $87,360 for the year ended June 30, 2017, to $315,395, which represents a 38.3% increase over net sales of $228,035 for the prior year. The primary reason for the increase is due to the acquisition of certain products and related assets of Citron and Lucid. Sales from the product acquisition of $122,118 are included in the year ended June 30, 2017. This increase was offset by a decline in sales of Rising products of $30,585 and a decline of $4,173 in sales of nutritional products. The decrease in Rising sales was primarily driven by increased competition, price erosion on certain products in our generic drugs portfolio and delays in contribution from new product launches. We believe this industry wide pricing pressure on the generic business will continue in the near term. However, we have approximately 15-20 FDA approved products that we are preparing to launch in the near future, which we believe should mitigate this pricing pressure. The drop in nutraceutical sales primarily occurred abroad, specifically at our German subsidiary.

Pharmaceutical Ingredients

Net sales for the Pharmaceutical Ingredients segment decreased by $3,566 for the year ended June 30, 2017, to $157,445, which represents a 2.2% decrease from net sales of $161,011 for the prior year. The decrease in sales for this segment was due primarily to a decline in sales of domestic APIs of $2,750, mainly due to reduced orders of a customer-launched API.

Performance Chemicals

Net sales for the Performance Chemicals segment decreased to $165,478 for the year ended June 30, 2017, representing a decrease of $4,000 or 2.4%, from net sales of $169,478 for the prior year. Performance Chemicals sales were impacted by a $4,696 drop in sales of our agricultural protection products, predominantly from a decline in sales of a wide-range insecticide used on various crops including cereals, citrus, cotton, grapes, ornamental grasses and vegetables.

Gross Profit

Gross profit decreased $1,993 or 1.4% to $140,792 (22.1% of net sales) for the year ended June 30, 2017, as compared to $142,785 (25.6% of net sales) for the prior year.

Human Health

Human Health segment's gross profit of $78,109 for the year ended June 30, 2017 increased $229, or .3%, over the prior year. The gross margin of 24.8% was lower than the prior year's gross margin of 34.2%. The increase in Human Health's gross profit was partially related to gross profit of $26,373 on sales from the product acquisition, which is included in the twelve months ended June 30, 2017. This increase was offset by the decline of gross profit and gross margin on Rising sales, primarily driven by increased competition on certain products. In addition, gross profit and gross margin on Rising sales have experienced an unfavorable product mix due to price erosion on certain products, as well as an unfavorable product mix and back orders on certain other products. In addition, $4,502 of step-up in the fair value of the acquired inventory related to the product acquisition was amortized in fiscal 2017.

Pharmaceutical Ingredients

Gross profit for the year ended June 30, 2017 for the Pharmaceutical Ingredients business decreased by $3,278 or 11.4% over the prior year. The gross margin of 16.2% for the year ended June 30, 2017 was also lower than the prior year's gross margin of 17.9%. The decrease in gross profit and gross margin was predominantly the result of the decrease in the sales volume of APIs sold both domestically and abroad, as well as a drop in reorders of a certain API which typically yields a significantly higher gross margin

Performance Chemicals

Gross profit for the Performance Chemicals segment increased to $37,209 for the year ended June 30, 2017, versus $36,153 for the prior year, an increase of $1,056, or 2.9%. The gross margin at 22.5% for the year ended June 30, 2017 was also higher than the prior year's gross margin of 21.3%. The increase in gross profit and gross margin was due to a $370 rise in gross profit for the Agricultural Protection Products business, as well as an increase of $686 of gross profit on sales of specialty chemicals. 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 $25,520, or 33.2%, to $102,340 for the year ended June 30, 2017 compared to $76,820 for the prior year. As a percentage of sales, SG&A increased from 13.8% to 16.0% for the year ended June 30, 2017 versus the prior year. SG&A for the current year included $8,818 of transaction costs related to the product purchase agreement associated with Citron and Lucid, as discussed in Note 3 of the consolidated financial statements, as well as $11,517 of amortization expense associated with the purchased intangible assets and $2,030 of consulting services provided by former Citron and Lucid employees in connection with the Transition Services Agreement entered into in connection with the product purchase agreement. The increase in SG&A is also due in part to a $1,528 rise in payroll, fringe benefits, and stock-based compensation expense, reflecting the hiring of certain key management personnel as well as annual merit increases. SG&A also increased due to $552 of separation costs related to the integration of the product acquisition and a $903 environmental remediation charge related to Arsynco. SG&A for the prior year included $1,313 environmental remediation charge related to Arsynco and $1,074 reversal of contingent consideration.

Research and Development Expenses

Research and development expenses ("R&D") decreased $39 or 0.5% to $7,898 for the year ended June 30, 2017 compared to $7,937 for the prior year. R&D expenses represent investment in our generic finished dosage form product pipeline. The majority of the R&D expenses are milestone based, which will likely cause fluctuation from quarter to quarter.

Operating Income

Fiscal 2017 operating income was $30,554 compared to $58,028 in the prior year, a decrease of $27,474 or 47.3%.

Interest Expense

Interest expense was $15,770 for the year ended June 30, 2017, an increase of $8,773 from the prior year. The increase was primarily due to interest expense associated with the Second Amended and Restated Credit Agreement , which was entered into on December 21, 2016 to help fund our product acquisition, as well as amortization of the debt discount and amortization of debt issuance costs associated with the offering of Convertible Senior Notes during fiscal 2016.

Provision for Income Taxes

The effective tax rate for the year ended June 30, 2017 decreased to 34.5% compared to 35.4% 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.

Results of Operations

Fiscal Year Ended June 30, 2016 Compared to Fiscal Year Ended June 30, 2015

Net Sales by Segment
Year ended June 30,

Segment	2016 Net sales	2016 % of Total	2015 Net sales	2015 % of Total	Comparison 2016 Over/(Under) 2015 $ Change	Comparison 2016 Over/(Under) 2015 % Change
Human Health	$ 228,035	40.8%	$ 221,256	40.8%	$ 6,779	3.1%
Pharmaceutical Ingredients	161,011	28.8	149,296	27.4	11,715	7.8
Performance Chemicals	169,478	30.4	172,392	31.8	(2,914)	(1.7)
Net sales	$ 558,524	100.0%	$ 542,944	100.0%	$ 15,580	2.9%

Gross Profit by Segment
Year ended June 30,

Segment	2016 Gross Profit	2016 % of Sales	2015 Gross Profit	2015 % of Sales	Comparison 2016 Over/(Under) 2015 $ Change	Comparison 2016 Over/(Under) 2015 % Change
Human Health	$ 77,880	34.2%	$ 71,742	32.4%	$ 6,138	8.6%
Pharmaceutical Ingredients	28,752	17.9	26,683	17.9	2,069	7.8
Performance Chemicals	36,153	21.3	33,002	19.1	3,151	9.5
Gross profit	$ 142,785	25.6%	$ 131,427	24.2%	$ 11,358	8.6%

Net Sales

Net sales increased $15,580 or 2.9%, to $558,524 for the year ended June 30, 2016, compared with $542,944 for the prior year. We reported sales increases in our Human Health and Pharmaceutical Ingredients segments and a decrease in the Performance Chemicals segment.

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 $6,779 for the year ended June 30, 2016, to $228,035, which represents a 3.1% increase over net sales of $221,256 for the prior year, largely due to an increase in sales of Rising products of $6,958. The increase in Rising sales was primarily driven by price increases experienced in the prior year on certain products, partially offset by increased competition on certain products in our generic drugs portfolio.

Pharmaceutical Ingredients

Net sales for the Pharmaceutical Ingredients segment increased by $11,715 for the year ended June 30, 2016, to $161,011, which represents a 7.8% increase from net sales of $149,296 for the prior year. The increase in sales for this segment was due in part to a $14,479 rise in sales volume of APIs sold abroad, specifically by our Singapore and German operations. This increase was partially offset by a decline of $3,560 in sales of intermediates, which represent key components used in the manufacture of certain drug products. The primary reasons for the decline in intermediates was a reduction of demand and a delay in timing of orders for several products that are sold domestically.

Performance Chemicals

Net sales for the Performance Chemicals segment decreased to $169,478 for the year ended June 30, 2016, representing a decrease of $2,914 or 1.7%, from net sales of $172,392 for the prior year. The primary reason for the decrease in net sales for Performance Chemicals was a decline of $13,775 in domestic sales of products sold by our Specialty Chemicals business. This decrease in domestic specialty chemicals sales included an $8,833 drop in sales of agricultural, dye, pigment and miscellaneous intermediates, as well as a $1,553 decline 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 were 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 were 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 $11,358 or 8.6% to $142,785 (25.6% of net sales) for the year ended June 30, 2016, as compared to $131,427 (24.2% 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 $6,138, or 8.6%, over the prior year. The gross margin of 34.2% was higher than the prior year's gross margin of 32.4%. 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 experienced gross profit pressure, including increased chargebacks, from the consolidation of wholesalers with retail drug chains.

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 was 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 was 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 13.5% 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 year ended June 30, 2016 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 a $1,313 environmental remediation charge related to Arsynco. These increases in SG&A were offset in part by an $833 reversal of contingent consideration related to the PACK acquisition and a $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 a $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. 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 $52,326 in the prior year, an increase of $5,702 or 10.9%.

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 38.1% 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.

Liquidity and Capital Resources

Cash Flows

At June 30, 2017, we had $55,680 in cash, of which $36,865 was outside the United States, $2,046 in short-term investments, all of which is held outside the United States and $353,666 in long-term debt (including the current portion), all of which is an obligation in the United States. Working capital was $248,750 at June 30, 2017 compared to $251,150 at June 30, 2016. The $36,865 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, 2017 decreased $11,148 from the amount at June 30, 2016. Operating activities for the year ended June 30, 2017 provided cash of $44,567 for this period, as compared to cash provided of $31,831 for the prior year. The $44,567 resulted from $11,376 in net income and $39,689 derived from adjustments for non-cash items less a net $6,498 decrease from changes in operating assets and liabilities. The non-cash items included $23,754 in depreciation and amortization expense, $2,336 of earnings on an equity investment in a joint venture, $504 for deferred income taxes, $5,847 for amortization of debt issuance costs and debt discount, $903 for an environmental remediation charge related to Arsynco, $6,956 in non-cash stock compensation expense and $4,502 in amortization of inventory step-up. Trade accounts receivable increased $17,598 during the year ended June 30, 2017, 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. In addition, trade accounts receivable increased due to an increase in sales from the fourth quarter of 2016. Inventories increased by $2,958 and accounts payable decreased by $3,097 due primarily to increased inventories held in stock in Europe to support the nutritional and intermediates business. Accrued expenses and other liabilities increased $14,010 due primarily to a rise in price concessions and partnered product liabilities for our Rising business.

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, which was 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 $30,878 in net income and $11,385 derived from adjustments for non-cash items less a net $33,920 decrease from changes in operating assets and liabilities.

Investing activities for the year ended June 30, 2017 used cash of $276,378. This use of cash reflects payment for net assets acquired of $270,000 and purchases of investments, intangible assets and property and equipment of $7,287, partially offset by sales of investments in time deposits of $909. 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.

Financing activities for the year ended June 30, 2017 provided cash of $220,162, primarily from borrowings from banks of $275,000 partially offset by repayment of bank loans of $42,697. Financing activities also included payment of cash dividends of $7,831 and payment of deferred financing costs of $5,407. 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.

Credit Facilities

We have available credit facilities with certain foreign financial institutions. At June 30, 2017, the Company had available lines of credit with foreign financial institutions totaling $7,351, all of which is available for borrowing by the respective foreign territories. We are not subject to any financial covenants under these arrangements.

On December 21, 2016 the Company entered into a Second Amended and Restated Credit Agreement (the "A&R Credit Agreement"), with eleven banks, which amended and restated in its entirety the Amended and Restated Credit Agreement, dated as of October 28, 2015, as amended by Amendment No. 1 to Amended and Restated Credit Agreement, dated as of November 10, 2015, and Amendment No. 2 to Amended and Restated Credit Agreement, dated as of August 26, 2016 (collectively, the "First Amended Credit Agreement"). The A&R Credit Agreement increases the aggregate available revolving commitment under the First Amended Credit Agreement from $150,000 to an initial aggregate available revolving commitment of $225,000 (the "Initial Revolving Commitment"). Under the A&R Credit Agreement, the Company may borrow, repay and reborrow from and as of December 21, 2016, to but excluding December 21, 2021 (the "Maturity Date") provided, that if any of the Notes remain outstanding on the date that is 91 days prior to the maturity date of the Notes (the "2015 Convertible Maturity Date"), then the Maturity Date shall mean the date that is 91 days prior to the 2015 Convertible Maturity Date. The A&R Credit Agreement provides for (i) Eurodollar Loans (as such terms are defined in the A&R Credit Agreement), (ii) ABR Loans (as such terms are defined in the A&R Credit Agreement) or (iii) a combination thereof. As of June 30, 2017, the Company borrowed Revolving Loans aggregating $90,000 which loans are Eurodollar Loans at interest rates ranging from 3.21% to 3.45 % at June 30, 2017. The applicable interest rate margin percentage is subject to adjustment quarterly based upon the Company's senior secured net leverage ratio.

Under the A&R Credit Agreement, the Company also borrowed $150,000 in term loans (the "Initial Term Loan). Subject to certain conditions, including obtaining commitments from existing or prospective lenders, the Company will have the right to increase the amount of the Initial Revolving Commitment (each, a "Revolving Facility Increase" and, together with the Initial Revolving Commitment, the "Revolving Commitment") and/or the Initial Term Loan in an aggregate amount not to exceed $100,000 pursuant to an incremental loan feature in the A&R Credit Agreement. As of June 30, 2017, the remaining amount outstanding under the Initial Term Loan is $142,500 and is payable as a Eurodollar Loan at an interest rate of 3.30%. The proceeds of the Initial Revolving Commitment and Initial Term Loan have been used to partially finance the acquisition of generic products and related assets of Citron and its affiliate Lucid, and pay fees and expenses related thereto. The applicable interest rate margin percentage is subject to adjustment quarterly based upon 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 no open letters of credit at June 30, 2017 and June 30, 2016.

The A&R Credit Agreement, like the 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 and certain leverage ratios. 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, 2017.

In conjunction with the Credit Agreement, the Company entered into an interest rate swap on March 21, 2017 for an additional interest cost of 2.005% on a notional amount of $100,000, which has been designated as a cash flow hedge. The expiration date of this interest rate swap is December 21, 2021. The remaining balance of this derivative as of June 30, 2017 is $95,000.

Working Capital Outlook

Working capital was $248,750 at June 30, 2017, compared to $251,150 at June 30, 2016. 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, as was the case with our December 2016 product acquisition.

In connection with the acquisition of certain products and related assets from Citron and Lucid, Aceto committed to make a $50,000 unsecured deferred payment that will bear interest at a rate of 5% per annum to the sellers on December 21, 2021 and to issue 5,122 shares of Aceto common stock beginning on December 21, 2019. The product purchase agreement also provides for a 5-year potential earn-out of up to an additional $50,000 in cash, based on the financial performance of four pre-specified pipeline products that are currently in development. As of June 30, 2017, the Company accrued $2,807 related to this contingent consideration.

In October 2015, we filed a universal shelf registration statement with the SEC 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 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, have been or will be used for general corporate purposes, which may include funding research, development and product manufacturing, acquisitions or investments in businesses, products or technologies that are complementary to Aceto's own, increasing working capital and funding capital expenditures.

We currently expect to spend approximately $6,100 for capital expenditures during fiscal 2018. 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 payments to various task force groups, which could approximate $2,357 over the next twelve months.

In connection with our environmental remediation obligation for Arsynco, we anticipate paying $6,112 towards remediation of the property in the next twelve months, which is included in accrued expenses in our Consolidated Balance Sheet as of June 30, 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 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, 2017, we had no significant obligations for capital expenditures.

At June 30, 2017, 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)	$ 353,666	$ 14,466	$ 28,932	$ 310,268	$ -
Interest on long term debt obligations (b)	9,583	2,875	5,750	958	-
Operating leases	14,868	1,673	4,094	2,357	6,744
Standby letters of credit	1,737	1,737	-	-	-
Unconditional purchase obligations	61,381	61,381	-	-	-
Total	$ 441,235	$ 82,132	$ 38,776	$ 313,583	$ 6,744

(a) Long-term debt obligations include 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.). Long-term debt obligations also include various loans. Interest on the loans are not included in the above table as the majority of the debt is variable in nature. As of June 30, 2017, interest on these variable loans ranged from 3.21% to 3.45%.

(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 cost 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 $2,357 through fiscal 2017, of which $0 has been accrued as of June 30, 2017 and June 30, 2016.

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.

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 $21,500 and $23,300. Remediation commenced in fiscal 2010, and as of June 30, 2017 and June 30, 2016, a liability of $8,451 and $12,532, respectively, is included in the accompanying consolidated balance sheets for this matter. For the year ended June 30, 2017, the Company recorded environmental remediation charges of $903, which is included in selling, general and administrative expenses in the accompanying consolidated statements of income for the year ended June 30. 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, 2017 and 2016 is $3,803 and $5,639, 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 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.

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.

Impact of New Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-09, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting,* which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU 2017-09 is effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. The Company does not believe this new accounting standard update will have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04 *Intangibles - Goodwill and Other (Topic 350)* which would eliminate the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, the amount of an impairment charge would be recognized if the carrying amount of a reporting unit is greater than its fair value. ASU 2017-04 is effective for public companies for fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not believe this new accounting pronouncement will have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01 *Business Combinations (Topic 805): Clarifying the Definition of a Business* with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 is effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those periods. The Company does not believe this new accounting pronouncement will have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,* which addresses eight specific cash flow issues with the objective of reducing diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of the provisions of ASU 2016-15.

In March 2016, the FASB issued 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. ASU 2019-09 requires that all tax benefits and deficiencies related to share-based payments be recognized and recorded through the statement of income for all awards settled or expiring after the adoption of ASU 2016-09. Under prior guidance, tax benefits in excess of compensation costs ("windfalls") were recorded in equity, and any tax deficiencies ("shortfalls") were recorded in equity to the extent of previous windfalls and then to the statement of income. ASU 2016-09 also requires, either prospectively or retrospectively, that all tax-related cash flows resulting from share-based payments be reported as operating activities on the statement of cash flows, a change from prior guidance that required windfall tax benefits to be presented as an inflow from financing activities and an outflow from operating activities on the statement of cash flows. Additionally, ASU 2016-09 allows entities to make an accounting policy election for the impact of most types of forfeitures on the recognition of expense for share-based payment awards by allowing the forfeitures to be either estimated, as was required under prior guidance, or recognized when they actually occur. Under ASU 2016-09, it is possible for equity awards to have a more dilutive effect on earnings per share (EPS). Under prior guidance, anticipated income tax windfalls and shortfalls were included in the calculation of assumed proceeds when applying the treasury stock method for computing the dilutive effect of share-based awards in the calculation of diluted EPS. Because there is no longer any excess tax benefits recognized in additional paid capital under ASU 2016-09, when applying the treasury stock method for computing diluted EPS, the assumed proceeds do not include any windfall tax benefits. As a result, fewer hypothetical shares can be repurchased under the treasury stock method, resulting in an assumption of more incremental shares being issued upon the exercise of shared-based awards. Therefore, equity awards have a more dilutive effect on EPS for any period where the average market price of an entity's underlying stock exceeds the average fair value of outstanding dilutive equity awards for the period. The provisions of ASU 2016-09 are effective for the Company at the beginning of fiscal 2018. The impact of ASU 2016-09 on the Company's income tax expense or benefit and related cash flows during and after the period of adoption are dependent in part upon future grants and vesting of stock-based compensation awards and other factors that are not fully controllable or predicable by the Company such as the future market price of the Company's common stock, the timing of employee exercises of vested stock options, and the future achievement of performance criteria that affect performance-based awards. Under ASU 2016-09, the Company will recognize forfeitures when they actually occur.

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. The Company does not believe this new accounting standard update will have a material impact on its 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 adoption of this standard will not have any impact on the consolidated financial statements of the Company.

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. 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. Additionally, in December 2016, the FASB issued ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers. ASU 2016-20 makes minor corrections or minor improvements to the standard that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The Company has made progress in its evaluation of the amended guidance, including identification of revenue streams. The Company recognizes revenue from product sales at the time of shipment and passage of title and risk of loss and control of the goods is transferred to the customer. The Company has no acceptance or other post-shipment obligations and does not offer product warranties or services to its customers. Although the Company is continuing to assess the impact of the amended guidance, Aceto generally anticipates that the timing of recognition of revenue will be substantially unchanged under the amended guidance. The Company is continuing to evaluate the impact on certain other transactions including third-party collaborations and other arrangements. The amended guidance will be effective for Aceto in the first quarter of fiscal 2019 and permits adoption under either the full retrospective approach (recognize effects of the amended guidance in each prior reporting period presented) or the modified retrospective approach (recognize the cumulative effect of adoption as an adjustment to retained earnings at the date of initial application). The Company anticipates adopting this amended standard on a modified retrospective basis.

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 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. We carried out an evaluation under the supervision and with the participation of management, including our former Chief Executive Officer and our current Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of June 30, 2017, the end of the period covered by this report. Previously, based on that evaluation, our former Chief Executive Officer and our current Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2017. However, due to the material weakness in internal control over financial reporting described below, our current Chief Executive Officer and current Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of June 30, 2017.

Management's Report on Internal Control over Financial Reporting (Revised)

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. In connection with our Original Filing, under the supervision and with the participation of our management, including our former principal executive officer and our current principal financial officer, we assessed, as of June 30, 2017, 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, 2017, was effective.

As discussed in Note 3 — Business Combinations, to our Consolidated Financial Statements, on December 21, 2016, wholly owned subsidiaries of Rising Pharmaceuticals, Inc. ("Rising"), a wholly owned subsidiary of Aceto, completed the acquisition of certain generic products and related assets of entities formerly known as Citron Pharma LLC and its affiliate Lucid Pharma LLC. Rising formed two subsidiaries to consummate the product acquisition – Rising Health, LLC (which acquired certain products and related assets of Citron) and Acetris Health, LLC (which acquired certain products and related assets of Lucid). The scope of our evaluation did not include specific processes or transactions unique to Rising Health and Acetris Health since Rising Health and Acetris Health had not been integrated into our internal control systems as of June 30, 2017. We are continuing the integration of Rising Health and Acetris Health into our internal control systems and will include their specific processes and transactions in our fiscal year 2018 evaluation of the effectiveness of internal control over financial reporting. Rising Health and Acetris Health's assets, which were excluded from our internal control evaluation, accounted for 14% of our total assets at June 30, 2017. Rising Health and Acetris Health accounted for 19% of our total net sales for the year ended June 30, 2017.

Subsequent to that evaluation, management determined that there was a material weakness in its internal control over financial reporting as of June 30, 2017. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Subsequent to June 30, 2017, management identified and recorded an adjustment related to the misapplication of cash in the year ended June 30, 2015**.** The correction resulted in a $4,007 decrease to trade receivables as of June 30, 2015, 2016 and 2017, a $1,402 increase to other receivables as of June 30, 2015, 2016 and 2017, a $4,007 reduction in net sales for the year ended June 30, 2015 and a $2,605 reduction in net income for the year ended June 30, 2015. The Company determined that the above-mentioned adjustment demonstrated that there was a material weakness in the design and effectiveness of our internal control over financial reporting in that our system of internal control did not generate a report that could be used by management to assure its precision of the review of the aging of trade receivables was adequate. Therefore, our management has concluded that our internal control over financial reporting was not effective as of June 30, 2017.

Management believes that it has remediated the underlying causes of this material weakness. The Company will continue to monitor and test the remediation for a reasonable period to ensure its effectiveness.

The foregoing has been approved by our management, including our current Chief Executive Officer and our current Chief Financial Officer, who have been involved with the reassessment and analysis of our internal control over financial reporting.

BDO USA, LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has issued the attestation report below regarding the Company's internal control over financial reporting.

Changes in Internal Control over Financial Reporting

Except as described above, there have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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, 2017, 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.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Rising Health and Acetris Health, which acquired certain generic products and related assets of entities formerly known as Citron Pharma LLC and Lucid Pharma LLC on December 21, 2016, and which are included in the consolidated balance sheet of Aceto Corporation as of June 30, 2017, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for the year then ended. Rising Health and Acetris Health constituted 14% of assets and 19% of net sales, as of and for the year ended June 30, 2017. Management did not assess the effectiveness of internal control over financial reporting of Rising Health and Acetris Health because of the timing of the acquisition which was completed on December 21, 2016. Our audit of internal control over financial reporting of Aceto Corporation also did not include an evaluation of the internal control over financial reporting of Rising Health and Acetris Health.

In our report dated August 25, 2017, we expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of June 30, 2017. As described in the following paragraph, a material weakness in the Company's internal control over financial reporting was subsequently identified. Accordingly, management has revised its assessment about the effectiveness of the Company's internal control over financial reporting, and our present opinion on the effectiveness of the Company's internal control over financial reporting as of June 30, 2017, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness regarding the design and effectiveness of internal control over financial reporting in that the Company's system of internal control did not generate a report that could be used by management to assure its precision of the review of the aging of trade receivables was adequate was identified and described in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended June 30, 2017, of the Company and this report does not affect our report on such financial statements and financial statement schedule.

In our opinion, because of the effect of the material weakness identified above, the Company did not maintain effective internal control over financial reporting as of June 30, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We do not express an opinion or any other form of assurance on Management's statements referring to any corrective actions taken by the Company after the date of Management's assessment.

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, 2017 and 2016, 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, 2017 and our report dated August 25, 2017, except for Note 2 which is dated November 9, 2017, expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Melville, New York
August 25, 2017 (Except as to the effect of the material weakness which is November 9, 2017)

PART IV

Item 15. Exhibits, 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. All financial statement schedules have been included in the Consolidated Financial Statements or Notes thereto.

(b) Exhibits

Exhibit No.	**Description**
23*	Consent of BDO USA, LLP.
31.1*	Certification 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*	Certification 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**	Certification 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**	Certification 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.

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

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, 2017 and 2016 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, 2017. 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, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2017, 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, 2017, 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 25, 2017, except as to the effect of the material weakness described in Management's Annual Report on Internal Control Over Financial Reporting (Revised), which is dated November 9, 2017, expressed an adverse opinion on the Company's internal control over financial reporting because of the material weakness.

/s/ BDO USA, LLP

Melville, New York
August 25, 2017, except for Note 2 which is November 9, 2017

ACETO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2017 AND 2016
(in thousands, except per-share amounts)

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55,680	$ 66,828
Investments	2,046	881
Trade receivables: less allowance for doubtful accounts (2017, $485; 2016, $513)	260,889	163,605
Other receivables	12,066	14,052
Inventory	136,387	98,107
Prepaid expenses and other current assets	3,941	3,339
Deferred income tax asset, net	546	3,244
Total current assets	471,555	350,056
Property and equipment, net	10,428	10,044
Property held for sale	7,152	6,868
Goodwill	236,970	67,871
Intangible assets, net	285,081	79,071
Deferred income tax asset, net	19,453	18,053
Other assets	7,546	6,210
TOTAL ASSETS	$ 1,038,185	$ 538,173
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 14,466	$ 197
Accounts payable	90,011	46,034
Accrued expenses	118,328	52,675
Total current liabilities	222,805	98,906
Long-term debt	339,200	118,592
Long-term liabilities	61,449	6,344
Environmental remediation liability	2,339	3,352
Deferred income tax liability	7,325	9,142
Total liabilities	633,118	236,336
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, 2017 and June 30, 2016; 30,094 and 29,595 shares issued and outstanding at June 30, 2017 and 2016, respectively	301	296
Capital in excess of par value	214,198	115,667
Retained earnings	195,680	192,199
Accumulated other comprehensive loss	(5,112)	(6,325)
Total shareholders' equity	405,067	301,837
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,038,185	$ 538,173

See accompanying notes to consolidated financial statements.

ACETO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
(in thousands, except per-share amounts)

	2017	2016	2015
Net sales	$ 638,318	$ 558,524	$ 542,944
Cost of sales	497,526	415,739	411,517
Gross profit	140,792	142,785	131,427
Selling, general and administrative expenses	102,340	76,820	73,159
Research and development expenses	7,898	7,937	5,942
Operating income	30,554	58,028	52,326
Other (expense) income:			
Interest expense	(15,770)	(6,997)	(3,954)
Interest and other income, net	2,577	2,823	1,486
	(13,193)	(4,174)	(2,468)
Income before income taxes	17,361	53,854	49,858
Provision for income taxes	5,985	19,088	18,980
Net income	$ 11,376	$ 34,766	$ 30,878
Basic income per common share	$ 0.35	$ 1.19	$ 1.07
Diluted income per common share	$ 0.35	$ 1.18	$ 1.06
Weighted average shares outstanding:			
Basic	32,283	29,110	28,731
Diluted	32,632	29,581	29,247

See accompanying notes to consolidated financial statements.

ACETO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
(in thousands)

	2017	2016	2015
Net income	$ 11,376	$ 34,766	$ 30,878
Other comprehensive income (loss):			
Foreign currency translation adjustments	1,780	368	(12,354)
Change in fair value of interest rate swaps	(581)	(149)	99
Reclassification for realized loss on interest rate swap included in interest expense	-	487	-
Defined benefit plans, net of tax of $7, $31 and $100 respectively	14	65	(213)
Total other comprehensive income (loss)	1,213	771	(12,468)
Comprehensive income	$ 12,589	$ 35,537	$ 18,410

See accompanying notes to consolidated financial statements.

ACETO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
(in thousands)

	2017	2016	2015
Operating activities:			
Net income	$ 11,376	$ 34,766	$ 30,878
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	23,754	12,698	11,849
Amortization of debt issuance costs and debt discount	5,847	3,496	-
Amortization of deferred financing costs	570	-	-
Provision for doubtful accounts	(3)	76	484
Non-cash stock compensation	6,956	6,719	4,537
Deferred income taxes	(504)	(18)	(1,874)
Earnings on equity investment in joint venture	(2,336)	(2,060)	(1,761)
Contingent consideration	-	(1,074)	(3,468)
Amortization of inventory step-up	4,502	-	-
Environmental remediation charge	903	1,313	1,618
Changes in assets and liabilities:			
Trade accounts receivable	(17,598)	(6,149)	(40,174)
Other receivables	185	136	(7,046)
Inventory	(2,958)	(2,489)	(229)
Prepaid expenses and other current assets	1,209	(243)	304
Other assets	(157)	(557)	1,254
Accounts payable	(3,097)	(8,937)	8,133
Accrued expenses and other liabilities	14,010	(7,689)	1,816
Distributions from joint venture	1,908	1,843	2,022
Net cash provided by operating activities	44,567	31,831	8,343
Investing activities:			
Payment for net assets acquired	(270,000)	-	-
Purchases of investments	(2,035)	(34)	(2,720)
Sales of investments	909	2,517	-
Payments for intangible assets	(3,359)	(11,249)	(1,564)
Purchases of property and equipment, net	(1,893)	(1,128)	(617)
Net cash used in investing activities	(276,378)	(9,894)	(4,901)
Financing activities:			
Proceeds from exercise of stock options	551	729	1,273
Excess income tax benefit on stock option exercises and restricted stock	546	1,219	790
Payment of cash dividends	(7,831)	(7,084)	(6,964)
Payment of deferred consideration	-	-	(3,500)
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	275,000	15,500	19,000
Payment for deferred financing costs	(5,407)	-	-
Repayment of bank loans	(42,697)	(122,697)	(14,344)
Net cash provided by (used in) financing activities	220,162	10,855	(8,245)
Effect of foreign exchange rate changes on cash	501	16	(4,074)
Net (decrease) increase in cash and cash equivalents	(11,148)	32,808	(8,877)
Cash and cash equivalents at beginning of period	66,828	34,020	42,897
Cash and cash equivalents at end of period	$ 55,680	$ 66,828	$ 34,020

See accompanying notes to consolidated financial statements

ACETO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
(in thousands, except per-share amounts)

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at June 30, 2014	28,772	$ 288	$ 87,156	$ 140,768	$ 5,372	$ 233,584
Net income	-	-	-	30,878	-	30,878
Other comprehensive income	-	-	-	-	(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	$ 164,603	$ (7,096)	$ 251,606
Net income	-	-	-	34,766	-	34,766
Other comprehensive loss	-	-	-	-	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	$ 192,199	$ (6,325)	$ 301,837
Net income	-	-	-	11,376	-	11,376
Other comprehensive income	-	-	-	-	1,213	1,213
Stock issued pursuant to employee stock incentive plans	5	-	109	-	-	109
Issuance of restricted stock, net of forfeitures	424	4	(4)	-	-	-
Stock to be issued in connection with acquisition of assets of Citron and Lucid	-	-	90,400	-	-	90,400
Dividends declared ($0.26 per share)	-	-	-	(7,895)	-	(7,895)
Share-based compensation	-	-	6,930	-	-	6,930
Exercise of stock options	70	1	550	-	-	551
Tax benefit from employee stock incentive plans	-	-	546	-	-	546
Balance at June 30, 2017	30,094	$ 301	$ 214,198	$ 195,680	$ (5,112)	$ 405,067

See accompanying notes to consolidated financial statements.

(1) Description of Business

Aceto Corporation and subsidiaries ("Aceto" or the "Company") is primarily engaged in the sourcing, regulatory support, quality assurance, development, marketing, sales and distribution of finished dosage form generic pharmaceuticals, 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

Basis of Presentation

The Company has identified and recorded an adjustment related to the misapplication of cash in the year ended June 30, 2015. The correction resulted in a $4,007 decrease to trade receivables as of June 30, 2015, 2016 and 2017, a $1,402 increase to other receivables as of June 30, 2015, 2016 and 2017, a $4,007 reduction in net sales for the year ended June 30, 2015 and a $2,605 reduction in net income for the year ended June 30, 2015. The Company has performed a qualitative and quantitative analysis of this misapplication and has determined that it is not material to fiscal year 2015, however, the Company has corrected these amounts in the historical periods presented in these financial statements for the three years ended June 30, 2017.

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; stock-based compensation; and purchase price allocation.

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, 2017 and June 30, 2016 is $220 and $104, 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.

(in thousands, except per-share amounts)

Inventory

Inventory, which consists principally of finished goods, are stated at the lower of cost (first-in first-out method) and net realizable value. 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 net realizable 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.

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, 2017 and 2016 are as follows:

	2017	2016
Cumulative foreign currency translation adjustments	$ (4,340)	$ (6,120)
Fair value of interest rate swaps	(581)	-
Defined benefit plans, net of tax	(191)	(205)
Total	$ (5,112)	$ (6,325)

The foreign currency translation adjustments for the years ended June 30, 2017 and 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 $0.065 per common share were paid in September, December, March and June of fiscal year 2017. Cash dividends of $0.06 per common share were paid in September, December, March and June of fiscal years 2016 and 2015. On August 24, 2017, the Company's board of directors declared a regular quarterly dividend of $0.065 per share to be distributed on September 21, 2017 to shareholders of record as of September 8, 2017.

On May 4, 2017, the Board of Directors of the Company authorized the continuation of the Company's stock repurchase program, expiring in May 2020. 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 2017 or fiscal 2016.

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.

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, Rising 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.

(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, 2017, 2016 and 2015:

	Accruals for Chargebacks, Rebates, Returns and Other Allowances				
	Chargebacks	Returns	Government Reimbursed Rebates	Other Rebates	Sales Discounts
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
Acquisitions	23,526	1,496	4,500	28,944	2,360
Current year provision	431,606	19,666	7,694	162,023	20,129
Credits issued during the year	(417,928)	(11,631)	(4,642)	(158,836)	(18,875)
Balance at June 30, 2017	$ 59,919	$ 32,359	$ 8,864	$ 39,333	$ 6,037

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, 2017. 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, 2017 and June 30, 2016.

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 finished dosage form generics business 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 the Company 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, the Company 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 2017, 2016 and 2015, there was approximately $54,454, $41,036 and $51,352 respectively, of shared profits included in cost of sales, related to these types of collaborative arrangements. In the case of a collaborative arrangement where the Company 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.

(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, 2017, 2016 and 2015:

	2017	2016	2015
Weighted average shares outstanding	32,283	29,110	28,731
Dilutive effect of stock options and restricted stock awards and units	349	471	516
Diluted weighted average shares outstanding	32,632	29,581	29,247

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.

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.

(in thousands, except per-share amounts)

The components of property and equipment were as follows:

	June 30, 2017	June 30, 2016	Estimated useful life (years)
Machinery and equipment	$ 398	$ 405	3-7
Leasehold improvements	979	1,056	Shorter of asset life or lease term
Computer equipment and software	7,255	6,048	3-5
Furniture and fixtures	2,094	2,365	5-10
Automobiles	184	184	3
Building	8,678	8,690	20
Land	1,967	1,960	-
	21,555	20,708	
Accumulated depreciation and amortization	11,127	10,664	
	$ 10,428	$ 10,044	

Property held for sale represents land and land improvements of $7,152 and $6,868 at June 30, 2017 and 2016, respectively. See Note 8, "Environmental Remediation" for further discussion on property held for sale.

Depreciation and amortization of property and equipment amounted to $1,520, $1,522 and $1,571 for the years ended June 30, 2017, 2016, and 2015 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 indefinite life 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 2017, the Company performed step one of the two-step process and in fiscal 2016 the Company performed a qualitative assessment. There was no impairment of goodwill and other intangible assets in fiscal 2017 and fiscal 2016.

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 its existing credit agreement (see Note 9), the Company entered into an interest rate swap on March 21, 2017 for an additional interest cost of 2.005% on a notional amount of $100,000, which has been designated as a cash flow hedge. The expiration date of this interest rate swap is December 21, 2021.

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.

(in thousands, except per-share amounts)

(3) Business Combinations

On December 21, 2016, wholly owned subsidiaries of Rising Pharmaceuticals, Inc. ("Rising"), a wholly owned subsidiary of Aceto, completed the acquisition of certain generic products and related assets of entities formerly known as Citron Pharma LLC ("Citron") and its affiliate Lucid Pharma LLC ("Lucid"). Rising formed two subsidiaries to consummate the product acquisition – Rising Health, LLC ("Rising Health") (which acquired certain products and related assets of Citron) and Acetris Health, LLC ("Acetris Health") (which acquired certain products and related assets of Lucid). Citron is a privately-held New Jersey-based pharmaceutical company focused on developing and marketing generic pharmaceutical products in partnership with leading generic pharmaceutical manufacturers based in India and the United States. Lucid is a privately-held New Jersey-based generic pharmaceutical distributor specializing in providing cost-effective products to various agencies of the U.S. Federal Government including the Veterans Administration and the Defense Logistics Agency. Lucid services 18 national contracts with the Federal Government, nearly all of which have 5-year terms.

Aceto and Rising Health possess complementary asset-light business models, drug development and manufacturing partnerships and product portfolios. The Company believes, consistent with its strategy of expanding Rising's portfolio of finished dosage form generic products through product development partnerships and acquisitions of late stage assets, abbreviated new drug applications ("ANDAs") and complementary generic drug businesses, this transaction significantly expanded its roster of commercialized products and pipeline of products under development. The Company believes the acquired assets meet the definition of a business. In addition, the Company believes that this product acquisition greatly enhances its size and stature within the generic pharmaceutical industry, expands its partnership network and offers the Company opportunities to realize meaningful cost and tax efficiencies.

At closing, Aceto paid the sellers $270,000 in cash, committed to make a $50,000 unsecured deferred payment that will bear interest at a rate of 5% per annum to the sellers on December 21, 2021 and agreed to issue 5,122 shares of Aceto common stock beginning on December 21, 2019. The product purchase agreement also provides the sellers with a 5-year potential earn-out of up to an additional $50,000 in cash, based on the financial performance of four pre-specified pipeline products that are currently in development. As of June 30, 2017, the Company accrued $2,807 related to this contingent consideration.

The product acquisition was accounted for using the purchase method of accounting. The following table summarizes the allocation of the preliminary purchase price to the estimated fair values of the assets acquired and liabilities assumed on the closing date of December 21, 2016:

Trade receivables	$ 78,937
Inventory	38,995
Prepaid expenses and other current assets	1,425
Goodwill	169,071
Intangible assets	224,850
Total assets acquired	513,278
Accounts payable	46,840
Accrued expenses	53,458
Deferred payment	50,000
Contingent consideration	2,580
Net assets acquired	$360,400

(in thousands, except per-share amounts)

The fair values of the net assets acquired were determined using discounted cash flow analyses and estimates made by management. The preliminary purchase price was allocated to intangible assets as follows: approximately $169,071 to goodwill, which is nonamortizable under generally accepted accounting principles and is deductible for income tax purposes; approximately $135,700 of product rights, amortizable over a period of approximately ten years; approximately $88,800 of customer relationships, amortizable over approximately eleven years; and approximately $350 of trademarks, amortizable over a period of approximately six months. Amortization of the acquired intangible assets is deductible for income tax purposes. Goodwill represents the excess of the preliminary purchase price paid over the fair value of the underlying net assets acquired and was allocated to the Human Health Segment.

As part of the product acquisition, the Company entered into an Administrative Services Agreement with the sellers in which excess cash payments may be made by either of the parties in connection with certain liabilities assumed upon the closing of the transaction related to rebates, chargebacks, commercial rebates and Medicaid and other government rebates. As of the closing date, the Company is responsible for the processing and administration of these related adjustments to sales completed prior to the closing date. In general, (i) if the amounts reserved for these liabilities underestimate the amounts that the Company is required to pay with respect to these items, the sellers will be required to reimburse the Company for the difference and (ii) if the amounts reserved for these liabilities overestimate the amounts that the Company is required to pay, the Company will be required to reimburse the sellers for the difference. Settlement is to be made two years after the closing date of December 21, 2016.

For the period from December 22, 2016 to June 30, 2017, net sales and income before income taxes from the product acquisition was approximately $122,118 and $7,437, respectively, which have been included in the Consolidated Statement of Income for the year ended June 30, 2017. The following represents unaudited pro forma operating results as if the operations of Rising Health and Acetris Health had been included in the Company's consolidated statements of operations as of July 1, 2015.

	Year ended June 30,	
	2017	**2016**
Net sales	$ 739,318	$ 731,100
Net income	24,166	30,469
Net income per common share	$ 0.70	$ 0.89
Diluted net income per common share	$ 0.69	$ 0.88

The pro forma financial information includes business combination accounting effects from the product acquisition including amortization charges from acquired intangible assets of approximately $21,000 for both periods presented, increase in interest expense of approximately $13,200 for both periods presented associated with bank borrowings to fund the product acquisition and interest expense associated with the deferred payment to the sellers, $4,502 step-up in the fair value of the acquired inventory in the year ended June 30, 2016, reversal of acquisition related transaction costs of $8,818 and tax related effects in both periods. The unaudited pro forma information as presented above is for informational purposes only and is not indicative of the results of operations that would have been achieved if the product acquisition had taken place at the beginning of fiscal 2016.

(in thousands, except per-share amounts)

(4) Investments

A summary of short-term investments was as follows:

	June 30, 2017	June 30, 2016
Held to Maturity Investments		
Time deposits	$ 2,046	$ 881

Short-term investments consist of time deposits that the Company classifies as held-to- maturity and are recorded at cost plus accumulated interest. 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:

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, 2017, the Company had foreign currency contracts outstanding that had a notional amount of $62,187. Unrealized losses on hedging activities for the years ended June 30, 2017, 2016, and 2015, amounted to $515, $10 and $703, 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 its existing credit agreement (see Note 9), the Company entered into an interest rate swap on March 21, 2017 for an additional interest cost of 2.005% on a notional amount of $100,000, which has been designated as a cash flow hedge. The expiration date of this interest rate swap is December 21, 2021. The remaining balance of this derivative as of June 30, 2017 is $95,000. The unrealized loss to date associated with this derivative, which is recorded in accumulated other comprehensive loss in the consolidated balance sheet at June 30, 2017, is $581. Aceto's interest rate swaps are classified within Level 2 as the fair value of this hedge is primarily based on observable interest rates.

(in thousands, except per-share amounts)

At June 30, 2017, the Company had $2,952 of contingent consideration, $2,807 of which related to the acquisition of certain products and related assets of Citron and Lucid, which was completed in December 2016 (see Note 3) and $145 of contingent consideration related to a previously acquired company in France. At June 30, 2016, the Company had $132 of contingent consideration related to a previously acquired company in France. The contingent consideration was calculated using the present value of a probability weighted income approach.

During the fourth quarter of each year, the Company evaluates goodwill for impairment at the reporting unit level using a market participant approach using Level 3 inputs. Additionally, on a nonrecurring basis, the Company uses fair value measures when analyzing asset impairment.

Changes in contingent consideration during 2017 and 2016 are as follows:

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
Acquisitions	2,580
Accrued interest expense	237
Change in foreign currency exchange rate	3
Balance as of June 30, 2017	$ 2,952

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 approximate a fair value of $133,000 at June 30, 2017 and $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.

(in thousands, except per-share amounts)

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.

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, 2017 and 2016:

	Fair Value Measurements at June 30, 2017 Using			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash equivalents:				
Time deposits	-	$ 5,781	-	$ 5,781
Investments:				
Time deposits	-	2,046	-	2,046
Foreign currency contracts-assets (1)	-	486	-	486
Foreign currency contracts-liabilities (2)	-	137	-	137
Derivative liability for interest rate swap(3)		581		581
Contingent consideration (4)	-	-	$ 2,952	2,952

(1) Included in "Other receivables" in the accompanying Consolidated Balance Sheet as of June 30, 2017.
(2) Included in "Accrued expenses" in the accompanying Consolidated Balance Sheet as of June 30, 2017.
(3) Included in "Long-term liabilities" in the accompanying Consolidated Balance Sheet as of June 30, 2017.
(4) $145 included in "Accrued expenses" and $2,807 included in "Long-term liabilities" in the accompanying Consolidated Balance Sheet as of June 30, 2017.

	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 (5)	-	160	-	160
Foreign currency contracts-liabilities (6)	-	169	-	169
Contingent consideration (7)	-	-	$ 132	132

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

(in thousands, except per-share amounts)

(6) Goodwill and Other Intangible Assets

As of June 30, 2017 and June 30, 2016, there was goodwill of $236,970 and $67,871, respectively.

Changes in the Company's goodwill during 2017 and 2016 are as follows:

	Human Health Segment	Pharmaceutical Ingredients Segment	Performance Chemicals Segment	Total Goodwill
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
Acquisitions	169,071	-	-	169,071
Changes in foreign currency exchange rates	-	23	5	28
Balance as of June 30, 2017	$ 235,110	$ 1,674	$ 186	$ 236,970

Intangible assets subject to amortization as of June 30, 2017 and 2016 were as follows:

	Gross Carrying Value	Accumulated Amortization	Net Book Value
June 30, 2017			
Customer relationships	$ 110,787	$ 13,968	$ 96,819
Trademarks	2,218	2,195	23
Product rights and related intangibles	221,335	37,677	183,658
License agreements	6,537	6,035	502
EPA registrations and related data	14,307	11,011	3,296
	$ 355,184	$ 70,886	$ 284,298

	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

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 and EPA registrations are 7-11 years, 3-4 years, 3-14 years, 6-11 years and 10 years respectively.

As of June 30, 2017 and June 30, 2016, the Company also had $783 and $761, 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.

(in thousands, except per-share amounts)

Amortization expense for intangible assets subject to amortization amounted to $22,234, $11,176 and $10,278 for the years ended June 30, 2017, 2016 and 2015, respectively. The estimated aggregate amortization expense for intangible assets subject to amortization for each of the succeeding years ending June 30, 2018 through June 30, 2023 are as follows: 2018: $16,747; 2019: $32,431; 2020: $31,880; 2021: $31,819; 2022: $31,782 and 2023 and thereafter: $139,639.

(7) Accrued Expenses

The components of accrued expenses as of June 30, 2017 and 2016 were as follows:

	2017	2016
Accrued compensation	$ 5,793	$ 6,880
Accrued environmental remediation costs-current portion	6,112	9,180
Reserve for price concessions	80,556	31,342
Partnered product liabilities	16,068	-
Other accrued expenses	9,799	5,273
	$ 118,328	$ 52,675

(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 costs of remediation could be between $21,500 and $23,300. Remediation commenced in fiscal 2010, and as of June 30, 2017 and June 30, 2016, a liability of $8,451 and $12,532, respectively, is included in the accompanying consolidated balance sheets for this matter. For the year ended June 30, 2017, the Company recorded environmental remediation charges of $903, which is included in selling, general and administrative expenses in the accompanying consolidated statements of income for the year ended June 30, 2017. 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, 2017 and June 30, 2016 is $3,803 and $5,639, respectively, which is included in the accompanying consolidated balance sheets.

(in thousands, except per-share amounts)

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.

(9) Debt

Long-term debt

	June 30, 2017	June 30, 2016
Convertible Senior Notes, net	$ 121,676	$ 115,829
Revolving bank loans	90,000	-
Term bank loans	139,227	-
Mortgage	2,763	2,960
	353,666	118,789
Less current portion	14,466	197
	$ 339,200	$ 118,592

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. 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. 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.

(in thousands, except per-share amounts)

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). The debt discount is being amortized as additional non-cash interest expense using the effective interest method over the term of the Notes. Debt issuance costs are being amortized as additional non-cash interest expense. 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."

The carrying value of the Notes is as follows:

	June 30, 2017	June 30, 2016
Principal amount	$ 143,750	$ 143,750
Unamortized debt discount	(19,255)	(24,267)
Unamortized debt issuance costs	(2,819)	(3,654)
Net carrying value	$ 121,676	$ 115,829

(in thousands, except per-share amounts)

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:

	2017	2016
Contractual coupon	$ 2,867	$ 1,788
Amortization of debt discount	5,012	2,974
Amortization of debt issuance costs	835	522
	$ 8,714	$ 5,284

Credit Facilities

On December 21, 2016 the Company entered into a Second Amended and Restated Credit Agreement (the "A&R Credit Agreement"), with eleven banks, which amended and restated in its entirety the Amended and Restated Credit Agreement, dated as of October 28, 2015, as amended by Amendment No. 1 to Amended and Restated Credit Agreement, dated as of November 10, 2015, and Amendment No. 2 to Amended and Restated Credit Agreement, dated as of August 26, 2016 (collectively, the "First Amended Credit Agreement"). The A&R Credit Agreement increases the aggregate available revolving commitment under the First Amended Credit Agreement from $150,000 to an initial aggregate available revolving commitment of $225,000 (the "Initial Revolving Commitment"). Under the A&R Credit Agreement, the Company may borrow, repay and reborrow from and as of December 21, 2016, to but excluding December 21, 2021 (the "Maturity Date") provided, that if any of the Notes remain outstanding on the date that is 91 days prior to the maturity date of the Notes (the "2015 Convertible Maturity Date"), then the Maturity Date shall mean the date that is 91 days prior to the 2015 Convertible Maturity Date. The A&R Credit Agreement provides for (i) Eurodollar Loans (as such terms are defined in the A&R Credit Agreement), (ii) ABR Loans (as such terms are defined in the A&R Credit Agreement) or (iii) a combination thereof. As of June 30, 2017, the Company borrowed Revolving Loans aggregating $90,000 which loans are Eurodollar Loans at interest rates ranging from 3.21% to 3.45 % at June 30, 2017. The applicable interest rate margin percentage is subject to adjustment quarterly based upon the Company's senior secured net leverage ratio.

Under the A&R Credit Agreement, the Company also borrowed $150,000 in term loans (the "Initial Term Loan). Subject to certain conditions, including obtaining commitments from existing or prospective lenders, the Company will have the right to increase the amount of the Initial Revolving Commitment (each, a "Revolving Facility Increase" and, together with the Initial Revolving Commitment, the "Revolving Commitment") and/or the Initial Term Loan in an aggregate amount not to exceed $100,000 pursuant to an incremental loan feature in the A&R Credit Agreement. As of June 30, 2017, the remaining amount outstanding under the Initial Term Loan is $142,500 and is payable as a Eurodollar Loan at an interest rate of 3.30%. The proceeds of the Initial Revolving Commitment and Initial Term Loan have been used to partially finance the acquisition of generic products and related assets of Citron and its affiliate Lucid, and pay fees and expenses related thereto. The applicable interest rate margin percentage is subject to adjustment quarterly based upon the Company's senior secured net leverage ratio.

The Initial Term Loan is payable as to principal in nineteen consecutive, equal quarterly installments of $3,750, which commenced on March 31, 2017 and will continue on each March 31, June 30, September 30 and December 31 thereafter. To the extent not previously paid, the final payment on the Term Loan Maturity Date (as defined in the A&R Credit Agreement) shall be in an amount equal to the then outstanding unpaid principal amount of the Initial Term Loan.

As such, the Company has classified $15,000 of the Initial Term Loan as short-term in the consolidated balance sheet at June 30, 2017. The A&R Credit Agreement, similar to the 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 no open letters of credit at June 30, 2017 and June 30, 2016.

In accordance with generally accepted accounting principles, $3,659 of deferred financing costs associated with the Initial Term Loan are presented as a direct deduction from the carrying value of the debt liability rather than showing the deferred financing costs as a deferred charge on the balance sheet. In addition, deferred financing costs of $1,748 associated with the Revolving Commitment have been recorded as a deferred charge on the balance sheet.

(in thousands, except per-share amounts)

The A&R Credit Agreement, like the 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 and certain leverage ratios. 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, 2017.

The Company has available lines of credit with foreign financial institutions. At June 30, 2017, the Company had available lines of credit with foreign financial institutions totaling $7,351. At June 30, 2016, the Company had available lines of credit with foreign financial institutions totaling $7,397. 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, 2017 and June 30, 2016 and 5.0% at June 30, 2015. The Company is not subject to any financial covenants under these arrangements.

Under the above financing arrangements, the Company had $232,500 in bank loans and $1,737 in standby letters of credit, leaving an unused facility of $140,613 at June 30, 2017. At June 30, 2016 the Company had $0 in bank loans and $1,758 in standby letters of credit leaving an unused facility of $155,639.

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, 2017 and matures on June 30, 2021.

Maturity of Long-term Debt

Long-term debt matures by fiscal year as follows:

2018	$ 14,466
2019	14,466
2020	14,466
2021	138,115
2022	172,153
Thereafter	-
	$353,666

(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.

(in thousands, except per-share amounts)

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.

In September 2016, the Company granted 28 performance stock options to an executive officer at an exercise price of $20.03 per share. The performance options vest if the closing stock price meets or exceeds the target price of $40 for 20 consecutive trading days prior to June 30, 2021 and the explicit service period of 1 year has been met. The options will expire June 30, 2021, if the stock price target is not achieved. If it is achieved, the options will expire ten years from the date of grant.
There were no stock options granted in fiscal years 2016 or 2015.

As of June 30, 2017, there were 3,144, 255 and 0 shares of common stock available for grant under the 2015, 2010 and 2007 Plans, respectively.

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, 2017, 2016 and 2015, 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, 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	
Granted	28	20.03	
Exercised	(70)	7.90	
Forfeited (including cancelled options)	-	-	
Balance at June 30, 2017	260	$ 8.36	$ 1,968
Options exercisable at June 30, 2017	232	$ 6.98	$ 1,968

The total intrinsic value of stock options exercised during the years ended June 30, 2017, 2016 and 2015 was approximately $865, $1,700 and $1,713, respectively. The weighted average remaining contractual life of options outstanding at June 30, 2017 was approximately 4 years. At June 30, 2017, outstanding options had expiration dates ranging from December 2017 to June 2021.

(in thousands, except per-share amounts)

Under the 2015 Plan, 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 2017, 2016 and 2015, restricted stock awarded and premium shares vested of 5, 7 and 5 common shares, respectively, were issued under employee incentive plans, which increased stockholders' equity by $109, $113 and $77, respectively. The related non-cash compensation expense related to the vesting of premium shares during the year was $26, $22 and $22 in fiscal 2017, 2016 and 2015, respectively. Additionally, non-cash compensation expense of $55, $0 and $21 was recorded in fiscal 2017, 2016 and 2015, respectively, relating to stock option grants, which is included in selling, general and administrative expenses. As of June 30, 2017, the total unrecognized compensation cost related to option awards is $95.

The following summarizes the non-vested stock options at June 30, 2017 and the activity with respect to non-vested options for the year ended June 30, 2017:

	Shares subject to option	Weighted average grant date fair value
Non-vested at June 30, 2016	-	-
Granted	28	$ 5.44
Vested	-	-
Forfeited	-	-
Non-vested at June 30, 2017	28	$ 5.44

The per-share fair value of stock options granted during 2017 was $5.44 on the date of the grant using a Monte Carlo simulation option-pricing model with the following assumptions:

	2017
Expected life	4.9 years
Expected volatility	39.4%
Risk-free interest rate	1.26%
Dividend yield	1.30%

During the year ended June 30, 2017, the Company granted 277 shares of restricted common stock to its employees that vest over three years and 22 shares of restricted common stock to its non-employee directors, which vest over approximately one year as well as 42 restricted stock units that have varying vest dates through July 2017. In addition, the Company also issued a target grant of 160 performance-vested restricted stock units, which grant could be as much as 280 restricted stock units 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, 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.

(in thousands, except per-share amounts)

For the years ended June 30, 2017, 2016 and 2015, the Company recorded stock-based compensation expense of approximately $6,875, $6,697, and $4,494, 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 $8,382 at June 30, 2017 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, 2017, is presented below:

	Shares	Weighted average grant date fair value
Non-vested at beginning of year	795	$ 20.73
Granted	501	18.92
Vested	(396)	17.26
Forfeited	(103)	21.33
Non-vested at June 30, 2017	797	$ 21.24

(11) Interest and Other Income

Interest and other income during fiscal 2017, 2016 and 2015 was comprised of the following:

	2017	2016	2015
Dividends	$ 277	$ 222	$ 233
Interest	264	313	282
Foreign government subsidies received	64	25	22
Joint venture equity earnings	2,336	2,060	1,761
Foreign currency gains (losses)	(298)	56	(1,065)
Deferred compensation plan losses	(257)	(35)	(96)
Rental income	158	154	151
Miscellaneous income	33	28	198
	$ 2,577	$ 2,823	$ 1,486

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:

	2017	2016	2015
Domestic operations	$ 9,555	$ 43,906	$ 44,269
Foreign operations	7,806	9,948	5,589
	$ 17,361	$ 53,854	$ 49,858

(in thousands, except per-share amounts)

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

	2017	2016	2015
Federal:			
Current	$ 3,713	$ 15,129	$ 16,991
Deferred	(585)	(204)	(1,357)
State and local:			
Current	555	755	1,526
Deferred	(110)	173	189
Foreign:			
Current	2,221	3,222	2,337
Deferred	191	13	(706)
	$ 5,985	$ 19,088	$ 18,980

Income taxes payable, which is included in accrued expenses, was $64 and $2,119 at June 30, 2017 and 2016, respectively.

The tax effects of temporary differences that give rise to the deferred tax assets and liabilities at June 30, 2017 and 2016 are presented below:

	2017	2016
Deferred tax assets:		
Accrued deferred compensation	$ 4,229	$ 4,122
Accrual for sales deductions not currently deductible	5,796	5,925
Additional inventoried costs for tax purposes	697	389
Allowance for doubtful accounts receivable	106	106
Depreciation and amortization	11,957	7,784
Debt issuance costs	7,611	9,462
Foreign deferred tax assets	983	1,121
Domestic net operating loss carryforwards	81	109
Foreign net operating loss carryforwards	692	685
Total gross deferred tax assets	32,152	29,703
Valuation allowances	(773)	(794)
	31,379	28,909
Deferred tax liabilities:		
Foreign deferred tax liabilities	(65)	(27)
Goodwill	(10,244)	(7,586)
Original issue discount – convertible senior notes	(7,260)	(9,115)
Other	(1,136)	(26)
Total gross deferred tax liabilities	(18,705)	(16,754)
Net deferred tax assets	$ 12,674	$ 12,155

The following table shows the current and non-current deferred tax assets (liabilities) at June 30, 2017 and 2016:

	2017	2016
Current deferred tax assets, net	$ 546	$ 3,244
Non-current deferred tax assets, net	19,453	18,053
Non-current deferred tax liabilities	(7,325)	(9,142)
Net deferred tax assets	$ 12,674	$ 12,155

(in thousands, except per-share amounts)

The net change in the total valuation allowance for the years ended June 30, 2017 and June 30, 2016 was a decrease of $21 and $16, 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. The Company has federal and state net operating loss carryforwards of $0 and $81, respectively, which will expire in fiscal year 2018. The Company has foreign net operating loss carryforwards of $692 which do not have any expiry dates. 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, 2017, the Company will need to generate future taxable income of approximately $34,638.

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 $111,569 at June 30, 2017 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, 2017, 2016 and 2015 follows:

	2017	2016	2015
Federal statutory tax rate	35.0%	35.0%	35.0%
State and local taxes, net of federal income tax benefit	1.2	1.7	2.4
Decrease (increase) in valuation allowance	0.1	-	0.4
Foreign tax rate differential	(1.8)	(0.4)	(0.9)
Other	-	(0.9)	1.2
Effective tax rate	34.5%	35.4%	38.1%

The Company operates in various tax jurisdictions, and although it believes that it has provided for income and other taxes in accordance with the relevant regulations, if the applicable regulations were ultimately interpreted differently by a taxing authority, the Company 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, 2017 and June 30, 2016. 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 2013 (in the case of certain foreign tax returns, fiscal year 2012).

(in thousands, except per-share amounts)

(13) Supplemental Cash Flow Information

Cash paid for interest and income taxes during fiscal 2017, 2016 and 2015 was as follows:

	2017	2016	2015
Interest	$ 7,794	$ 2,970	$ 3,954
Income taxes, net of refunds	$ 7,912	$ 16,076	$ 25,459

In connection with the acquisition of certain products and related assets of Citron and Lucid, approximately 5,122 shares of Aceto common stock with a fair value of $90,400, to be issued beginning on December 21, 2019, a $50,000 unsecured deferred payment payable on December 21, 2021 and a contingent earn out liability of $2,580 are non-cash items and are excluded from the Consolidated Statement of Cash Flows during the year ended June 30, 2017. In addition, the Company had non-cash items excluded from the Consolidated Statements of Cash Flows during the years ended June 30, 2017, 2016 and 2015 of $284, $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.

(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 $1,794, $1,957 and $1,849 in fiscal 2017, 2016 and 2015, 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, 2017 was $883. The accrued pension liability as of June 30, 2016 was $853. Net periodic pension costs, which consists principally of interest cost and service cost was $30 in fiscal 2017, $28 in fiscal 2016 and $53 in fiscal 2015. The Company's plans are funded in conformity with the funding requirements of the applicable government regulations. An assumed weighted average discount rate of 2.0%, 1.9% and 1.6% and a compensation increase rate of 0.0% were used in determining the actuarial present value of benefit obligations as of June 30, 2017, 2016 and 2015, 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, 2017, the Company recorded a liability under the Plans of $3,551 (of which $3,337 is included in long-term liabilities and $214 is included in accrued expenses) and an asset (included in other assets) of $3,087, primarily representing mutual fund investments owned by the Company. 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.

(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.

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, 2017, three customers approximated 32%, 20% and 15%, respectively, of net trade accounts receivable. At June 30, 2016, three customers approximated 35%, 19% and 10%, respectively, of net trade accounts receivable.

One customer accounted for 12% of net sales in fiscal 2017, 14% of net sales in fiscal 2016 and 13% of net sales in fiscal 2015. Another customer accounted for 11% of net sales in fiscal 2017, 7% of net sales in 2016 and 6% of net sales in 2015. No single product accounted for as much as 10% of net sales in fiscal 2017, 2016 or 2015.

During the fiscal years ended June 30, 2017, 2016 and 2015, approximately 62%, 56% and 65%, respectively, of the Company's purchases came from Asia and approximately 17%, 22% and 12%, respectively, came from Europe.

The Company maintains operations located outside of the United States. Net assets located in Europe and Asia approximated $68,235 and $50,641, respectively at June 30, 2017. Net assets located in Europe and Asia approximated $62,399 and $48,846, respectively at June 30, 2016.

(16) Commitments, Contingencies and Other Matters

As of June 30, 2017, the Company has outstanding purchase obligations totaling $61,381 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.

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 $21,500 and $23,300. Remediation commenced in fiscal 2010, and as of June 30, 2017 and June 30, 2016, a liability of $8,451 and $12,532, respectively, is included in the accompanying consolidated balance sheets for this matter. For the year ended June 30, 2017, the Company recorded environmental remediation charges of $903 which is included in selling, general and administrative expenses in the accompanying consolidated statements of income for the year ended June 30, 2017. 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, 2017 and June 30, 2016 is $3,803 and $5,639, respectively, which is included in the accompanying consolidated balance sheets.

(in thousands, except per-share amounts)

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.

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 $2,357 through fiscal 2018, of which $0 has been accrued as of June 30, 2017 and June 30, 2016.

The Company leases office facilities in the United States, The Netherlands, Germany, France, Singapore and the Philippines expiring at various dates between October 2017 and June 2021.

At June 30, 2017, 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
2018	$ 1,673
2019	2,327
2020	1,766
2021	1,327
2022	1,031
Thereafter	6,744
	$ 14,868

Total rental expense amounted to $1,301, $1,265 and $1,567 for fiscal 2017, 2016 and 2015, respectively.

(17) Related Party Transactions

During fiscal 2017, 2016 and 2015, the Company purchased inventory from its corporate joint venture in the amount of $3,236, $2,831 and $3,204, respectively.

During fiscal 2017, Rising Health and Acetris Health incurred costs of $1,865 and $165, respectively, related to consulting services provided by former Citron and Lucid employees, in connection with a transition services agreement entered into at the time of the Company's 2016 product purchase agreement. Citron and Lucid are affiliates of Vimal Kavuru, a member of the Company's Board of Directors.

In October 2017, Rising will commence leasing approximately 125,000 gross square feet of warehouse space in Somerset, New Jersey. This building is owned by an affiliate of Mr. Kavuru.

On November 2, 2016, the Company, Citron and Cronus Research Labs Private Limited, a research and development company headquartered in India that is affiliated with Vimal Kavuru ("Cronus"), entered into two amended and restated joint development agreements pursuant to which Cronus has been engaged to develop a portfolio of nine pipeline products ("Development Agreement I") and certain other products ("Development Agreement II" and together with Development Agreement I, the "Development Agreements") on behalf of Citron. Under the terms of Development Agreement I, Cronus has agreed to pay the first $3,500 of the development costs incurred after December 21, 2016, and 50% of any development costs incurred above that threshold in exchange for obtaining reimbursement for its costs funded out of the profits earned, if any, from the pipeline products that are commercially launched, and a specified portion of the profits from those products thereafter. Under the terms of Development Agreement II, Cronus has agreed to pay the development costs for the products covered thereby in exchange for obtaining reimbursement for its costs funded out of the profits earned, if any, from such products that are commercially launched (subject to a $1,445 maximum), and a specified portion of the profits from those products thereafter.

Mr. Kavuru was not a member of the Company's Board at the time that the above-mentioned transition services agreement, lease or Development Agreements were executed.

(18) Recent Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-09, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting,* which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU 2017-09 is effective for all entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. The Company does not believe this new accounting standard update will have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04 *Intangibles - Goodwill and Other (Topic 350)* which would eliminate the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, the amount of an impairment charge would be recognized if the carrying amount of a reporting unit is greater than its fair value. ASU 2017-04 is effective for public companies for fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not believe this new accounting pronouncement will have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01 *Business Combinations (Topic 805): Clarifying the Definition of a Business* with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. ASU 2017-01 is effective for public companies for annual periods beginning after December 15, 2017, including interim periods within those periods. The Company does not believe this new accounting pronouncement will have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments,* which addresses eight specific cash flow issues with the objective of reducing diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of the provisions of ASU 2016-15.

In March 2016, the FASB issued 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. ASU 2019-09 requires that all tax benefits and deficiencies related to share-based payments be recognized and recorded through the statement of income for all awards settled or expiring after the adoption of ASU 2016-09. Under prior guidance, tax benefits in excess of compensation costs ("windfalls") were recorded in equity, and any tax deficiencies ("shortfalls") were recorded in equity to the extent of previous windfalls and then to the statement of income. ASU 2016-09 also requires, either prospectively or retrospectively, that all tax-related cash flows resulting from share-based payments be reported as operating activities on the statement of cash flows, a change from prior guidance that required windfall tax benefits to be presented as an inflow from financing activities and an outflow from operating activities on the statement of cash flows. Additionally, ASU 2016-09 allows entities to make an accounting policy election for the impact of most types of forfeitures on the recognition of expense for share-based payment awards by allowing the forfeitures to be either estimated, as was required under prior guidance, or recognized when they actually occur. Under ASU 2016-09, it is possible for equity awards to have a more dilutive effect on earnings per share (EPS). Under prior guidance, anticipated income tax windfalls and shortfalls were included in the calculation of assumed proceeds when applying the treasury stock method for computing the dilutive effect of share-based awards in the calculation of diluted EPS. Because there is no longer any excess tax benefits recognized in additional paid capital under ASU 2016-09, when applying the treasury stock method for computing diluted EPS, the assumed proceeds do not include any windfall tax benefits. As a result, fewer hypothetical shares can be repurchased under the treasury stock method, resulting in an assumption of more incremental shares being issued upon the exercise of shared-based awards. Therefore, equity awards have a more dilutive effect on EPS for any period where the average market price of an entity's underlying stock exceeds the average fair value of outstanding dilutive equity awards for the period. The provisions of ASU 2016-09 are effective for the Company at the beginning of fiscal 2018. The impact of ASU 2016-09 on the Company's income tax expense or benefit and related cash flows during and after the period of adoption are dependent in part upon future grants and vesting of stock-based compensation awards and other factors that are not fully controllable or predicable by the Company such as the future market price of the Company's common stock, the timing of employee exercises of vested stock options, and the future achievement of performance criteria that affect performance-based awards. Under ASU 2016-09, the Company will recognize forfeitures when they actually occur.

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. The Company does not believe this new accounting standard update will have a material impact on its 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 adoption of this standard will not have any impact on the consolidated financial statements of the Company.

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. 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. Additionally, in December 2016, the FASB issued ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers. ASU 2016-20 makes minor corrections or minor improvements to the standard that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. The Company has made progress in its evaluation of the amended guidance, including identification of revenue streams. The Company recognizes revenue from product sales at the time of shipment and passage of title and risk of loss and control of the goods is transferred to the customer. The Company has no acceptance or other post-shipment obligations and does not offer product warranties or services to its customers. Although the Company is continuing to assess the impact of the amended guidance, Aceto generally anticipates that the timing of recognition of revenue will be substantially unchanged under the amended guidance. The Company is continuing to evaluate the impact on certain other transactions including third-party collaborations and other arrangements. The amended guidance will be effective for Aceto in the first quarter of fiscal 2019 and permits adoption under either the full retrospective approach (recognize effects of the amended guidance in each prior reporting period presented) or the modified retrospective approach (recognize the cumulative effect of adoption as an adjustment to retained earnings at the date of initial application). The Company anticipates adopting this amended standard on a modified retrospective basis.

(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.

(in thousands, except per-share amounts)

	Human Health	Pharmaceutical Ingredients	Performance Chemicals	Unallocated Corporate	Consolidated Totals
2017					
Net sales	$ 315,395	$ 157,445	$ 165,478	$ -	$ 638,318
Gross profit	78,109	25,474	37,209	-	140,792
Income before income taxes	15,434	9,322	18,829	(26,224)	17,361
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	$ 221,256	$ 149,296	$ 172,392	$ -	$ 542,944
Gross profit	71,742	26,683	33,002	-	131,427
Income before income taxes	31,145	8,697	14,289	(4,273)	49,858

Net sales and gross profit by source country for the years ended June 30, 2017, 2016 and 2015 were as follows:

	Net Sales			Gross Profit		
	2017	2016	2015	2017	2016	2015
United States	$ 483,678	$ 400,883	$ 403,094	$ 116,792	$ 117,180	$ 107,727
Germany	79,105	76,666	69,889	13,609	15,154	14,660
Netherlands	9,949	16,217	14,656	1,231	1,598	1,325
France	35,796	30,177	27,976	4,651	4,043	3,634
Asia-Pacific	29,790	34,581	27,329	4,509	4,810	4,081
Total	$ 638,318	$ 558,524	$ 542,944	$ 140,792	$ 142,785	$ 131,427

Sales generated from the United States to foreign countries amounted to $21,750, $23,810 and $38,295 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively.

Long-lived assets by geographic region as of June 30, 2017 and June 30, 2016 were as follows:

	Long-lived assets	
	2017	2016
United States	$528,359	$152,701
Europe	2,538	2,504
Asia-Pacific	1,582	1,781
Total	$532,479	$156,986

(in thousands, except per-share amounts)

(20) Unaudited Quarterly Financial Data

The following is a summary of the unaudited quarterly results of operations for the years ended June 30, 2017 and 2016.

	For the quarter ended			
Fiscal year ended June 30, 2017	**September 30, 2016 (1)**	**December 31, 2016(2)**	**March 31, 2017(2)(3)**	**June 30, 2017 (2)(4)**
Net sales	$ 128,018	$ 125,552	$ 190,128	$ 194,620
Gross profit	30,839	30,805	42,319	36,829
Net income (loss)	4,385	(564)	5,588	1,967
Net income (loss) per diluted share	$ 0.15	$ (0.02)	$ 0.16	$ 0.06

	For the quarter ended			
Fiscal year ended June 30, 2016	**September 30, 2015**	**December 31, 2015**	**March 31, 2016(5)**	**June 30, 2016(6)**
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

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 item of $170 environmental remediation charge in connection with Arsynco.
(2) Results for the last nine days of the quarter ended December 31, 2016 and for the subsequent two quarters reflect the acquisition of certain generic products and related assets from Citron and Lucid on December 21, 2016.
(3) Includes pretax item of $733 environmental remediation charge in connection with Arsynco.
(4) Includes pretax item of $3,139 representing immaterial correction of an error associated with certain accrued expenses.
(5) 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.
(6) Includes pretax item of $1,313 environmental remediation charge in connection with Arsynco.

Schedule II

ACETO CORPORATION AND SUBSIDIARIES

Valuation and Qualifying Accounts

For the years ended June 30, 2017, 2016 and 2015
(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, 2017					
Allowance for doubtful accounts	$ 513	$ (3)	-	$ 25(a)	$ 485
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

(a) Specific accounts written off as uncollectible.

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 on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized.

ACETO CORPORATION

By /s/ William C. Kennally, III
William C. Kennally, III, President and Chief Executive Officer
(Principal Executive Officer)

Date: November 9, 2017

EXHIBIT INDEX

Exhibit Number	Description
23*	Consent of BDO USA, LLP.
31.1*	Certification 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*	Certification 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**	Certification 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**	Certification 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.

Exhibit 23

Consent of Independent Registered Public Accounting Firm

Aceto Corporation
Port Washington, NY

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-207394) and Form S-8 (No. 333-209693, No. 333-187353, No. 333-174834, No. 333-149586, No. 333-90929, and No. 333-110653) of Aceto Corporation and subsidiaries of our reports dated August 25, 2017, except as to the effect of the material weakness described in Management's Annual Report on Internal Control over Financial Reporting (Revised), which is dated November 9, 2017, which expresses an adverse opinion on the effectiveness of the Company's Internal Control over Financial Reporting, which appears in this Form 10-K/A.

/s/ BDO USA, LLP
Melville, New York
November 9, 2017

Exhibit 31.1

CERTIFICATION

I, William C. Kennally, III, certify that:

1. I have reviewed this annual report on Form 10-K/A of Aceto Corporation (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: November 9, 2017

/s/ William C. Kennally, III
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Douglas Roth, certify that:

1. I have reviewed this annual report on Form 10-K/A of Aceto Corporation (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: November 9, 2017

/s/ Douglas Roth
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION

In connection with the Annual Report of Aceto Corporation, a New York corporation (the "Company"), on Form 10-K/A for the period ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William C. Kennally, III, President and Chief Executive Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William C. Kennally, III

President and Chief Executive Officer
(Principal Executive Officer)
November 9, 2017

Exhibit 32.2

CERTIFICATION

In connection with the Annual Report of Aceto Corporation, a New York corporation (the "Company"), on Form 10-K/A for the period ended June 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas Roth, Chief Financial Officer of the Company, certify, pursuant to Section 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Douglas Roth
Chief Financial Officer
(Principal Financial and Accounting Officer)
November 9, 2017