

Measurement Specialties Inc
Form 10-Q
August 08, 2007

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

FORM 10-Q

(MARK ONE)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE
ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007**

OR

- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE
ACT OF 1934
COMMISSION FILE NUMBER: 1-11906**

MEASUREMENT SPECIALTIES, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

**New Jersey
(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)**

**22-2378738
(I.R.S. EMPLOYER
IDENTIFICATION NO.)**

1000 LUCAS WAY, HAMPTON, VA 23666
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

(757) 766-1500
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

**(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST
REPORT)**

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 is a larger accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and larger accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

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

☐ No ☒

Edgar Filing: Measurement Specialties Inc - Form 10-Q

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 14,296,301 shares of common stock, no par value per share, as of August 1, 2007.

1

MEASUREMENT SPECIALTIES, INC. AND SUBSIDIARIES
FORM 10-Q
TABLE OF CONTENTS
JUNE 30, 2007

PART I.	FINANCIAL INFORMATION	3
ITEM 1.	FINANCIAL STATEMENTS	3
	CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)	3
	CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)	4
	CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME (UNAUDITED)	6
	CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)	7
	NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)	8
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	17
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	23
ITEM 4.	CONTROLS AND PROCEDURES	24
PART II.	OTHER INFORMATION	24
ITEM 1.	LEGAL PROCEEDINGS	24
ITEM 1A.	RISK FACTORS	24
ITEM 6.	EXHIBITS	24
SIGNATURES		25

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

MEASUREMENT SPECIALTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(Amounts in thousands, except per share amounts)	Three months ended June 30,	
	2007	2006
Net sales	\$ 53,151	\$ 45,991
Cost of goods sold	30,267	25,416
Gross profit	22,884	20,575
Total operating expenses	16,590	15,521
Operating income	6,294	5,054
Interest expense, net	1,186	1,738
Foreign currency exchange and other expense	138	245
Income from continuing operations before minority interest and income taxes	4,970	3,071
Minority interest, net of income taxes of \$55 and \$24, respectively	82	74
Income tax expense from continuing operations	1,173	568
Income from continuing operations	3,715	2,429
Discontinued operations:		
Income from discontinued operations before income taxes	36	29
Income tax expense from discontinued operations	6	6
Income from discontinued operations	30	23
Net income	\$ 3,745	\$ 2,452
Net income per common share - Basic:		
Income from continuing operations	\$ 0.26	\$ 0.17
Income from discontinued operations	-	-
Net income per common share - Basic	\$ 0.26	\$ 0.17
Net income per common share - Diluted:		
Income from continuing operations	\$ 0.26	\$ 0.17
Income from discontinued operations	-	-
Net income per common share - Diluted	\$ 0.26	\$ 0.17
Weighted average shares outstanding - Basic	14,287	14,028
Weighted average shares outstanding - Diluted	14,461	14,442

See Accompanying Notes to Condensed Consolidated Financial Statements.

MEASUREMENT SPECIALTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Amounts in thousands)	June 30, 2007	March 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,754	\$ 7,709
Accounts receivable, trade, net of allowance for doubtful accounts of \$527 and \$516, respectively	32,749	34,774
Inventories, net	38,684	37,231
Deferred income taxes, net	4,456	4,718
Prepaid expenses and other current assets	2,532	3,057
Other receivables	626	420
Due from joint venture partner	1,039	1,456
Current portion of promissory note receivable	1,946	2,465
Total current assets	94,786	91,830
Property, plant and equipment, net	28,325	27,559
Goodwill	77,462	77,397
Acquired intangible assets, net	16,315	17,006
Deferred income taxes, net	8,185	8,360
Promissory note receivable, net of current portion	567	851
Other assets	1,712	1,688
Total Assets	\$ 227,352	\$ 224,691

See Accompanying Notes to Condensed Consolidated Financial Statements.

MEASUREMENT SPECIALTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(Amounts in thousands)	June 30, 2007	March 31, 2007
LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of promissory notes payable	\$ 50	\$ 100
Current portion of deferred acquisition obligation	2,221	1,973
Current portion of long-term debt	2,731	2,753
Current portion of capital lease obligation	793	811
Accounts payable	20,547	17,742
Accrued expenses	4,295	2,447
Accrued compensation	5,818	6,616
Income taxes payable	2,959	3,089
Other current liabilities	2,192	4,089
Accrued litigation settlement expenses	-	1,275
Total current liabilities	41,606	40,895
Revolver	40,010	42,010
Long-term debt, net of current portion	17,136	17,561
Capital lease obligation, net of current portion	1,180	1,354
Other liabilities	294	606
Total liabilities	100,226	102,426
Minority Interest	1,574	1,628
Shareholders' equity:		
Serial preferred stock; 221,756 shares authorized; none outstanding	-	-
Common stock, no par; 20,000,000 shares authorized; 14,286,301 and 14,280,364 shares issued and outstanding, respectively	-	-
Additional paid-in capital	74,229	73,399
Retained earnings	49,242	45,497
Accumulated other comprehensive income	2,081	1,741
Total shareholders' equity	125,552	120,637
Total liabilities, minority interest and shareholders' equity	\$ 227,352	\$ 224,691

See Accompanying Notes to Condensed Consolidated Financial Statements.

MEASUREMENT SPECIALTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND
COMPREHENSIVE INCOME
FOR THE QUARTER ENDED JUNE 30, 2007 AND 2006
(UNAUDITED)

(Amounts in thousands)	Additional paid-in capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income
Balance, March 31, 2006	\$ 66,371	\$ 31,263	\$ (2,137)	\$ 95,497	
Comprehensive income:					
Net income	-	2,452	-	2,452	\$ 2,452
Currency translation adjustment	-	-	1,631	1,631	1,631
Comprehensive income	-	-	-		\$ 4,083
Non-cash equity based compensation (SFAS 123R)	580	-	-	580	
Issuance of common stock for acquisition of BetaTherm	1,000	-	-	1,000	
Proceeds from exercise of stock options	825	-	-	825	
Balance, June 30, 2006	\$ 68,776	\$ 33,715	\$ (506)	\$ 101,985	
Balance, March 31, 2007	\$ 73,399	\$ 45,497	\$ 1,741	\$ 120,637	
Comprehensive income:					
Net income	-	3,745	-	3,745	\$ 3,745
Currency translation adjustment	-	-	340	340	340
Comprehensive income	-	-	-		\$ 4,085
Non-cash equity based compensation (SFAS 123R)	813	-	-	813	
Proceeds from exercise of stock options	17	-	-	17	
Balance, June 30, 2007	\$ 74,229	\$ 49,242	\$ 2,081	\$ 125,552	

See Accompanying Notes to Condensed Consolidated Financial Statements.

MEASUREMENT SPECIALTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(Amounts in thousands)	Three months ended	
	2007	2006
Cash flows from operating activities:		