

Measurement Specialties Inc
Form 10-K
June 10, 2009

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

FORM 10-K

(MARK ONE)

- ANNUAL REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED MARCH 31, 2009

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)

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

SECURITIES REGISTERED UNDER SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS:	NAME OF EACH EXCHANGE ON WHICH REGISTERED:
COMMON STOCK, NO PAR VALUE	NASDAQ

SECURITIES REGISTERED UNDER 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 or Section 15(d) of the

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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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 Regulation S-T 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 registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No .

At September 30, 2008, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately \$177,480,323 (based on the closing price of the registrant's common stock on the Nasdaq Global Market on such date).

At May 29, 2009, the number of shares outstanding of the Registrant's common stock was 14,485,937.

Documents Incorporated by Reference:

The information required to be furnished pursuant to Part III of this Form 10-K is set forth in, and is hereby incorporated by reference herein from, the registrant's definitive proxy statement for the 2009 annual meeting of shareholders to be held on or about September 15, 2009 to be filed by the registrant with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the fiscal year ended March 31, 2009. With the exceptions of the sections of the 2009 Proxy Statement specifically incorporated herein by reference, the 2009 Proxy Statement is not deemed to be filed as part of this Form 10-K.

MEASUREMENT SPECIALTIES, INC.
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INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Certain information included or incorporated by reference in this Annual Report, in press releases, written statements or other documents filed with or furnished to the Securities and Exchange Commission (“SEC”), or in our communications and discussions through webcasts, phone calls, conference calls and other presentations and meetings, may be deemed to be “forward-looking statements” within the meaning of the federal securities laws. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements regarding: projections of revenue, margins, expenses, tax provisions (or reversals of tax provisions), earnings or losses from operations, cash flows, synergies or other financial items; plans, strategies and objectives of management for future operations, including statements relating to potential acquisitions, executive compensation and purchase commitments; developments, performance or industry or market rankings relating to products or services; future economic conditions or performance; future compliance with debt covenants; the outcome of outstanding claims or legal proceedings; assumptions underlying any of the foregoing; and any other statements that address activities, events or developments that Measurement Specialties, Inc. (“MEAS”, the “Company,” “we,” “us,” “our”) intends, expects, projects, believes or anticipates will or may occur in the future. Forward-looking statements may be characterized by terminology such as “forecast,” “believe,” “anticipate,” “should,” “would,” “intend,” “plan,” “will,” “expects,” “projects,” “positioned,” “strategy,” and similar expressions. These statements are based on assumptions and assessments made by our management in light of their experience and perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate.

Any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, many of which are beyond our control. Actual results, developments and business decisions may differ materially from those envisaged by such forward-looking statements. These forward-looking statements speak only as of the date of the report, press release, statement, document, webcast or oral discussion in which they are made. Factors that might cause actual results to differ materially from the expected results described in or underlying our forward-looking statements include:

- Conditions in the general economy, including risks associated with the current financial crisis and worldwide economic conditions and reduced demand for products that incorporate our products;
- Conditions in the credit markets, including our ability to raise additional funds or refinance our existing credit facility;
- Competitive factors, such as price pressures and the potential emergence of rival technologies;
- Interruptions of suppliers’ operations or the refusal of our suppliers to provide us with component materials, particularly in light of the current economic conditions and potential for suppliers to fail;
- Timely development, market acceptance and warranty performance of new products;
- Changes in product mix, costs and yields;
- Uncertainties related to doing business in Europe and China;
- Fluctuations in foreign currency exchange and interest rates;
- Legislative initiatives, including tax legislation and other changes in the Company’s tax position;

- Legal proceedings;
- Compliance with export control laws and regulations;
- Compliance with debt covenants, including events beyond our control;
- Adverse developments in the automotive industry and other markets served by us; and
- The risk factors listed from time to time in the reports we file with the SEC, including those described below under “Item 1A. Risk Factors” in this Annual Report on Form 10-K.

This list is not exhaustive. All forward-looking statements attributable to the Company or persons acting on our behalf are qualified in their entirety by the cautionary statements contained in this report in “Item 1A. Risk Factors.” Except as required under federal securities laws and the rules and regulations promulgated by the SEC, we do not intend to update publicly any forward-looking statements after the filing of this Annual Report on Form 10-K, whether as a result of new information, future events, changes in assumptions or otherwise.

PART I

ITEM 1. BUSINESS

INTRODUCTION

NOTES:

(1) OUR FISCAL YEAR BEGINS ON APRIL 1 AND ENDS ON MARCH 31. ALL REFERENCES TO FISCAL YEARS REFER TO THE FISCAL YEAR ENDING MARCH 31 OF THE REFERENCE YEAR, THUS, REFERENCES IN THIS ANNUAL REPORT ON FORM 10-K TO THE YEAR 2008 OR FISCAL YEAR 2008 REFER TO THE 12-MONTH PERIOD FROM APRIL 1, 2007 THROUGH MARCH 31, 2008 AND REFERENCES TO THE YEAR 2009 OR FISCAL YEAR 2009 REFER TO THE 12-MONTH PERIOD FROM APRIL 1, 2008 THROUGH MARCH 31, 2009.

(2) ALL DOLLAR AMOUNTS IN THIS REPORT ARE IN THOUSANDS, EXCEPT PER SHARE AMOUNTS.

Measurement Specialties, Inc. is a leader in the design, development and manufacture of sensors and sensor-based systems for original equipment manufacturers and end users, based on a broad portfolio of proprietary technology. The Company is a multi-national corporation with twelve primary manufacturing facilities strategically located in the United States, China, France, Ireland, Germany and Switzerland, enabling the Company to produce and market world-wide a broad range of sensors that use advanced technologies to measure precise ranges of physical characteristics. These sensors are used for automotive, medical, consumer, military/aerospace, and industrial applications. The Company's sensor products include pressure sensors and transducers, linear/rotary position sensors, piezoelectric polymer film sensors, custom microstructures, load cells, accelerometers, optical sensors, humidity and temperature sensors. The Company's advanced technologies include piezo-resistive silicon sensors, application-specific integrated circuits, micro-electromechanical systems ("MEMS"), piezoelectric polymers, foil strain gauges, force balance systems, fluid capacitive devices, linear and rotational variable differential transformers, electromagnetic displacement sensors, hygroscopic capacitive sensors, ultrasonic sensors, optical sensors, negative thermal coefficient ("NTC") ceramic sensors and mechanical resonators.

With engineering, sourcing and manufacturing facilities located in North America, Europe and Asia, the Company has been able to, among other things, enhance its applications engineering capabilities, increase the Company's geographic proximity to its customers, drive initiatives for global sourcing of materials and seek the lowest cost of manufacturing.

As more fully described below under "Changes in our Business," we discontinued the remainder of our Consumer products business during the fiscal year ended March 31, 2006. Except as otherwise noted, the descriptions of our business, and results and operations contained in this report reflect only our continuing operations.

RECENT ACQUISITIONS AND DIVESTITURES

The Company has consummated fourteen acquisitions since June 2004 with a total purchase price exceeding \$167,000. We believe our acquisitions continue to enhance the Company's long-term shareholder value by increasing growth in sales and profitability through the addition of new technologies, establishing new lines of business, and/or expanding our geographic footprint. The following acquisitions are included in the consolidated financial statements as of the effective date of acquisition (See Notes 2 and 5 to the Consolidated Financial Statements of the Company included in this Annual Report on Form 10-K):

Acquired Company	Effective Date of Acquisition	Country
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Elekon Industries U.S.A., Inc. ('Elekon')	June 24, 2004	U.S.A.
Entran Devices, Inc. and Entran SA ('Entran')	July 16, 2004	U.S.A. and France
Encoder Devices, LLC ('Encoder')	July 16, 2004	U.S.A.
Humirel, SA ('Humirel')	December 1, 2004	France
MWS Sensorik GmbH ('MWS')	January 1, 2005	Germany
Polaron Components Ltd ('Polaron')	February 1, 2005	United Kingdom
HL Planartechnik GmbH ('HLP')	November 30, 2005	Germany
Assistance Technique Experimentale ('ATEX')	January 19, 2006	France
YSIS Incorporated ('YSI Temperature')	April 1, 2006	U.S.A. and Japan
BetaTherm Group Ltd. ('BetaTherm')	April 1, 2006	Ireland and U.S.A.
Visyx Technologies, Inc. ('Visyx')	November 20, 2007	U.S.A.
Intersema Microsystems SA ('Intersema')	December 28, 2007	Switzerland
R.I.T. SARL ("Atexis")	January 30, 2009	France and China
FGP Instrumentation, and related companies	January 30, 2009	France
GS Sensors, and ALS (collectively, "FGP")		

The above companies, except for Encoder, Polaron and Visyx, which were asset purchases, became direct or indirect wholly-owned subsidiaries of the Company upon consummation of their respective acquisitions.

The Atexis and FGP acquisitions occurred during fiscal 2009 (the “2009 Acquisitions”). Atexis is a designer and manufacturer of temperature sensors and custom probes and expanded our temperature sensor solutions through the use of several expert technologies including NTC, Platinum (Pt) and thermo-couples. These technologies allow us to offer probes and assemblies spanning the entire temperature spectrum, from -200C to 2000C. In addition, the Atexis acquisition increased our temperature manufacturing base through wholly-owned subsidiaries in France and China. FGP was a competitor of custom force, pressure and vibration sensors for aerospace, test and measurement markets. The FGP acquisition allows MEAS to leverage operational cost synergies and their development efforts of custom force sensors for aerospace customers, capitalizing on the movement from hydraulic to electronically actuated controls (fly-by-wire).

Effective December 1, 2005, we completed the sale of the Consumer segment to Fervent Group Limited (FGL), including its Cayman Island subsidiary, ML Cayman. FGL is a company controlled by the owners of River Display Limited (RDL), our long time partner and primary supplier of consumer products in Shenzhen, China. The Consumer Products segment designed and manufactured sensor-based consumer products, primarily as an original equipment manufacturer (“OEM”), that were sold to retailers and distributors in the United States and Europe. Consumer products included bathroom and kitchen scales, tire pressure gauges and distance estimators.

PRODUCTS, MARKETS AND APPLICATIONS

The majority of our sensors are devices, sense elements and transducers that convert physical or mechanical information into a proportionate electronic signal for display, processing, interpretation or control. Sensors are essential to the accurate measurement, resolution and display of pressure, force, linear or rotary position, tilt, vibration, motion, humidity, temperature or fluid properties such as viscosity, density and dielectric constant.

The sensor market is being influenced by the increase in intelligent products across virtually all end markets, including medical, transportation, energy, industrial, aerospace and consumer applications. As OEMs strive to make products “smarter”, they are generally adding more sensors to link the physical world with digital control and/or response.

A summary of our Sensor business product offerings as of March 31, 2009 is presented in the following table.

Product Family	Product	Technology	Applications
Pressure	Pressure Components, Sensors and Transducers	Piezoresistive Micro-Electromechanical Systems (MEMS)	Disposable catheter blood pressure altimeter, dive tank pressure, process instrumentation, fluid level, measurement and intravenous drug administration monitoring, racing engine performance, barometric pressure sensors (altimeters)
		Microfused TM Piezoresistive Silicon Strain Gauge	Automotive electronic stability control systems, paint spraying machines, fertilizer dispensers, hydraulics, refrigeration and

	automotive transmission
Bonded Foil Strain Gauge	Instrumentation-grade aerospace and weapon control systems, sub-sea pressure, ship cargo level, steel mills
Bonded Silicon Strain Gauge	Miniature and subminiature transducers for test and measurement applications in aerospace, auto testing and industry

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Force	Load Cells	Microfused Piezoresistive Silicon Strain Gauge	Automotive occupancy weight sensing, bathroom scales, exercise equipment, appliance monitoring, intravenous drug administration monitoring
Position	Linear Variable Differential Transformers	Inductive Electromagnetic	Aerospace, machine control systems, knitting machines, industrial process control, hydraulic actuators, instrumentation
	Rotary Position Transducers	Inductive Electromagnetic	Machine control systems, instrumentation
	Magneto-Resistive (MR) sensors and Magnetic Encoders	Magneto-Resistive (AMR)	Automotive systems controls, pump counting and control, school bus stop sign arm position
	Tilt/Angle Sensors	Fluid Capacitive or Electrolytic Fluid	Heavy equipment level measurement, auto security systems, tire balancing, instrumentation
Piezo Film	Traffic Sensors	Piezoelectric Polymer (PVDF)	Traffic survey, speed and traffic light enforcement, toll, and truck weigh-in-motion
	Custom Piezoelectric Film Sensors	Piezoelectric Polymer (PVDF)	Medical diagnostics, ultrasonic pen digitizers, musical instrument pickups, electronic stethoscope, security systems, anti-tamper sensors for data protection, electronic water meters