

Edgar Filing: MEASUREMENT SPECIALTIES INC - Form 8-K

MEASUREMENT SPECIALTIES INC

Form 8-K

December 13, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) OCTOBER 28, 2002

MEASUREMENT SPECIALTIES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEW JERSEY

001-11906

22-2378738

(STATE OR OTHER JURISDICTION OF INCORPORATION)

(COMMISSION FILE NUMBER)

(IRS EMPLOYER
IDENTIFICATION NO.)

710 ROUTE 46 EAST, SUITE 206

07004

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (973) 808-3020

80 LITTLE FALLS ROAD, FAIRFIELD, NEW JERSEY

07004

(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

ITEM 5. OTHER EVENTS.

As described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2002 (the "2002 Annual Report") and our Quarterly Reports on Form 10-Q for the three months ended June 30, 2002 (the "First Quarter 10-Q") and the three months ended September 30, 2002 (the "Second Quarter 10-Q"), we have restated (i) our previously issued financial statements for the fiscal year ended March 31, 2001, and (ii) our previously issued financial results for each of the quarterly periods in the fiscal year ended March 31, 2001 and the first three quarters in the fiscal year ended March 31, 2002.

This Current Report on Form 8-K provides restated key financial information (unaudited) for each of the quarterly periods in the fiscal year ended March 31, 2001 and the first three quarters in the fiscal year ended March 31, 2002. This restated financial information is now the historical financial

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information of Measurement Specialties and supersedes the historical financial information included in our Quarterly Reports on Form 10-Q for each of the quarters in the fiscal year ended March 31, 2001 and the first three quarters in the fiscal year ended March 31, 2002.

The restated consolidated financial information for the quarterly periods in the fiscal year ended March 31, 2001 reflects the following adjustments:

- Correction of errors in our valuations of inventory and costs of sales;
- Reclassification of certain promotional costs from selling, general and administrative to a reduction in revenue;
- Acceleration of amortization of deferred financing costs relating to our bank loan;
- Expensing of unallocated acquisition costs;
- Straight-lining of lease expense in accordance with Statement of Financial Accounting Standards No. 13 "Accounting for Leases";
- Recomputation of our tax provision; and
- Certain other adjustments.

The restated consolidated financial information for the first three quarters in the fiscal year ended March 31, 2002 reflects adjustments related to the correction of errors in our valuations of inventory and costs of sales.

This Form 8-K should be read in conjunction with, and is subject to the more complete discussion of the restatement contained in, our other public filings with the Securities and Exchange Commission, including the 2002 Annual Report, First Quarter 10-Q and Second Quarter 10-Q.

QUARTERLY FINANCIAL INFORMATION
(UNAUDITED)
\$ IN THOUSANDS EXCEPT PER SHARE AMOUNTS

| | | | 2001 ---- |
|--|--------------------------------|----------------------------------|-------------------------|
| OPERATIONS: | FIRST QUARTER ENDED JUNE 30 | SECOND QUARTER ENDED SEPT. 30 | THIRD QUAR ENDED DEC |
| ----- | AS RESTATED | AS RESTATED | AS RESTAT |
| Net sales | \$ 15,991 | \$ 28,062 | \$ 33,8 |
| Cost of goods sold | 10,785 | 16,588 | 24,3 |
| Gross profit | 5,206 | 11,474 | 9,4 |
| Operating expenses (income): | | | |
| Selling, general and administrative | 6,273 | 7,842 | 7,4 |
| Research and development | 1,198 | 1,035 | 1,2 |
| Customer funding of research and development | (775) | (1,023) | (6 |
| Goodwill and other impairments | -- | -- | |
| Restructuring and other cost | -- | -- | |
| Total operating expenses | 6,696 | 7,854 | 8,1 |
| Operating income (loss) | (1,490) | 3,620 | 1,3 |

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| | | | |
|--|------------|----------|-------|
| Interest expense, net | 213 | 266 | 9 |
| Other (income) expense | -- | -- | |
| | ----- | ----- | ----- |
| | 213 | 266 | 9 |
| | ----- | ----- | ----- |
| Income (loss) before provision (benefit) for income taxes and cumulative effect of accounting change | (1,703) | 3,354 | 3 |
| Provision (benefit) for income taxes | | 1,534 | 1 |
| | ----- | ----- | ----- |
| Income (loss) before cumulative effect of accounting change | (1,703) | 1,820 | 2 |
| Cumulative effect of accounting change, net of taxes | | -- | |
| | ----- | ----- | ----- |
| Net income (loss) | \$ (1,703) | \$ 1,820 | \$ 2 |
| | ===== | ===== | ===== |
| Earnings (loss) per common share - Basic Income (loss) before cumulative effect of accounting change | \$ (0.43) | \$ 0.23 | \$ 0. |
| Cumulative effect of accounting change | -- | -- | |
| | ----- | ----- | ----- |
| Net income (loss) | \$ (0.43) | \$ 0.23 | \$ 0. |
| | ===== | ===== | ===== |
| Earnings (loss) per common share - Diluted Income (loss) before cumulative effect of accounting change | \$ (0.43) | \$ 0.20 | \$ 0. |
| Cumulative effect of accounting change | -- | -- | |
| | ----- | ----- | ----- |
| Net income (loss) | \$ (0.43) | \$ 0.20 | \$ 0. |
| | ===== | ===== | ===== |
| Weighted average number of common and common equivalent shares outstanding: | | | |
| Basic | 3,994 | 8,034 | 8,2 |
| | ===== | ===== | ===== |
| Diluted | 3,994 | 8,932 | 9,0 |
| | ===== | ===== | ===== |

| | 2002 | | |
|--|---------------|----------------|------------|
| | ----- | ----- | ----- |
| | FIRST QUARTER | SECOND QUARTER | THIRD QUAR |
| | ENDED JUNE 30 | ENDED SEPT. 30 | ENDED DEC |
| | ----- | ----- | ----- |
| OPERATIONS: | AS RESTATED | AS RESTATED | AS RESTAT |
| ----- | ----- | ----- | ----- |
| Net sales | \$ 25,658 | \$ 34,612 | \$ 42,6 |
| Cost of goods sold | 19,153 | 26,877 | 31,1 |
| | ----- | ----- | ----- |
| Gross profit | 6,505 | 7,735 | 11,4 |
| | ----- | ----- | ----- |
| Operating expenses (income): | | | |
| Selling, general and administrative | 7,011 | 10,997 | 10,1 |
| Research and development | 1,259 | 2,021 | 1,6 |
| Customer funding of research and development | (443) | (456) | (4 |
| Goodwill and other impairments | -- | -- | 7 |
| Restructuring and other cost | -- | -- | |
| | ----- | ----- | ----- |

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| | | | |
|--|------------|------------|---------|
| Total operating expenses | 7,827 | 12,562 | 12,1 |
| Operating income (loss) | (1,322) | (4,827) | (7 |
| Interest expense, net | 1,002 | 978 | 6 |
| Other (income) expense | (16) | 58 | 6 |
| | 986 | 1,036 | 1,2 |
| Income (loss) before provision (benefit) for income taxes and cumulative effect of accounting change | (2,308) | (5,863) | (1,9 |
| Provision (benefit) for income taxes | (11) | (28) | (|
| Income (loss) before cumulative effect of accounting change | (2,297) | (5,835) | (1,9 |
| Cumulative effect of accounting change, net of taxes | (248) | -- | |
| Net income (loss) | \$ (2,545) | \$ (5,835) | \$ (1,9 |
| Earnings (loss) per common share - | | | |
| Basic Income (loss) before cumulative effect of accounting change | \$ (0.27) | \$ (0.57) | \$ (0. |
| Cumulative effect of accounting change | (0.03) | -- | |
| Net income (loss) | \$ (0.30) | \$ (0.57) | \$ (0. |
| Earnings (loss) per common share - | | | |
| Diluted Income (loss) before cumulative effect of accounting change | \$ (0.27) | \$ (0.57) | \$ (0. |
| Cumulative effect of accounting change | (0.03) | -- | |
| Net income (loss) | \$ (0.30) | \$ (0.57) | \$ (0. |
| Weighted average number of common and common equivalent shares outstanding: | | | |
| Basic | 8,423 | 10,272 | 11,5 |
| Diluted | 8,423 | 10,272 | 11,5 |

QUARTERLY FINANCIAL INFORMATION
(UNAUDITED)
\$ IN THOUSANDS EXCEPT PER SHARE AMOUNTS

| CONDENSED FINANCIAL POSITION: | FIRST QUARTER JUNE 30 2000 | SECOND QUARTER SEPT. 30, 2000 | THIRD QUARTER DEC. 31, 2000 |
|---|-------------------------------|----------------------------------|--------------------------------|
| | AS RESTATED | AS RESTATED | AS RESTATED |
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 622 | \$ 1,496 | \$ 1,203 |
| Accounts receivable, trade, net | 9,763 | 19,407 | 18,766 |
| Inventories | 9,282 | 17,426 | 18,184 |
| Prepaid expenses and other current assets | 2,157 | 4,234 | 3,441 |

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| | | | |
|--|-----------|-----------|-----------|
| Total current assets | 21,824 | 42,563 | 41,594 |
| PROPERTY AND EQUIPMENT, NET | 9,533 | 13,609 | 15,310 |
| OTHER ASSETS: | | | |
| Goodwill, net | 5,483 | 11,688 | 11,460 |
| Trademarks | -- | -- | -- |
| Other assets | 3,268 | 5,361 | 6,165 |
| | 8,751 | 17,049 | 17,625 |
| | \$ 40,108 | \$ 73,221 | \$ 74,529 |
| | ===== | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Current portion of long term debt | \$ 11,975 | \$ 34,068 | \$ 33,605 |
| Accounts payable | 7,057 | 13,634 | 14,827 |
| Accrued expenses and other current liabilities | 6,995 | 8,809 | 9,183 |
| Total current liabilities | 26,027 | 56,511 | 57,615 |
| OTHER LIABILITIES: | | | |
| Long term debt, net of current portion | -- | -- | -- |
| Other liabilities | 876 | 1,105 | 1,065 |
| | 876 | 1,105 | 1,065 |
| Total liabilities | 26,903 | 57,616 | 58,680 |
| COMMITMENTS AND CONTINGENCIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Serial preferred stock; | -- | -- | -- |
| Common stock, no par | 5,502 | 5,502 | 5,502 |
| Additional paid-in capital | 2,143 | 2,723 | 2,754 |
| Accumulated (deficit) retained earnings | 5,561 | 7,381 | 7,594 |
| Other comprehensive loss | (1) | (1) | (1) |
| Total shareholders' equity | 13,205 | 15,605 | 15,849 |
| | \$ 40,108 | \$ 73,221 | \$ 74,529 |
| | ===== | ===== | ===== |

CONDENSED FINANCIAL POSITION:

SECOND QUARTER
SEPT. 30, 2001

THIRD QUARTER
DEC. 31, 2001

MARCH 31, 2002

AS RESTATED

AS RESTATED

ASSETS

CURRENT ASSETS:

| | | | |
|---------------------------|----------|----------|----------|
| Cash and cash equivalents | \$ 1,295 | \$ 1,114 | \$ 4,542 |
|---------------------------|----------|----------|----------|

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| | | | |
|--|------------|------------|-----------|
| Accounts receivable, trade, net | 26,384 | 28,175 | 19,914 |
| Inventories | 31,894 | 27,726 | 22,969 |
| Prepaid expenses and other current assets | 8,327 | 12,628 | 3,623 |
| | ----- | ----- | ----- |
| Total current assets | 67,900 | 69,643 | 51,048 |
| | ----- | ----- | ----- |
| PROPERTY AND EQUIPMENT, NET | 20,856 | 20,861 | 18,345 |
| | ----- | ----- | ----- |
| OTHER ASSETS: | | | |
| Goodwill, net | 14,707 | 14,707 | 8,265 |
| Trademarks | 9,989 | 9,930 | 9,549 |
| Other assets | 1,347 | 1,327 | 2,405 |
| | ----- | ----- | ----- |
| | 26,043 | 25,964 | 20,219 |
| | ----- | ----- | ----- |
| | \$ 114,799 | \$ 116,468 | \$ 89,612 |
| | ===== | ===== | ===== |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Current portion of long term debt | \$ 35,864 | \$ 37,171 | \$ 32,758 |
| Accounts payable | 20,868 | 19,809 | 19,252 |
| Accrued expenses and other current liabilities | 9,449 | 11,181 | 9,357 |
| | ----- | ----- | ----- |
| Total current liabilities | 66,181 | 68,161 | 61,367 |
| | ----- | ----- | ----- |
| OTHER LIABILITIES: | | | |
| Long term debt, net of current portion | -- | -- | 249 |
| Other liabilities | 1,181 | 861 | 1,169 |
| | ----- | ----- | ----- |
| | 1,181 | 861 | 1,418 |
| | ----- | ----- | ----- |
| Total liabilities | 67,362 | 69,022 | 62,785 |
| | ----- | ----- | ----- |
| COMMITMENTS AND CONTINGENCIES | | | |
| SHAREHOLDERS' EQUITY | | | |
| Serial preferred stock; | | | |
| Common stock, no par | 5,502 | 5,502 | 5,502 |
| Additional paid-in capital | 41,863 | 43,872 | 42,346 |
| Accumulated (deficit) retained earnings | 81 | (1,899) | (20,586) |
| Other comprehensive loss | (9) | (29) | (435) |
| | ----- | ----- | ----- |
| Total shareholders' equity | 47,437 | 47,446 | 26,827 |
| | ----- | ----- | ----- |
| | \$ 114,799 | \$ 116,468 | \$ 89,612 |
| | ===== | ===== | ===== |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MEASUREMENT SPECIALTIES, INC.

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Date: December 12, 2002

By: /s/ John P. Hopkins

John P. Hopkins
Chief Financial Officer