Measurement Specialties Inc
Form 10-Q
August 05, 2009

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

FORM 10-Q

(MARK ONE)

x QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL QUARTERLY PERIOD ENDED JUNE 30, 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	22-2378738
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(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)

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 x 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 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 o	Accelerated filer x	Non-accelerated filer o	Smaller reporting company o

(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 x ..

Indicate the number of shares outstanding of each of the issuer's classes of stock, as of the latest practicable date: At July 31, 2009, the number of shares outstanding of the Registrant's common stock was 14,485,937.

MEASUREMENT SPECIALTIES, INC.

FORM 10-Q
TABLE OF CONTENTS
JUNE 30, 2009

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended June 30,	
(Amounts in thousands, except per share amounts)	2009	2008
Net sales	$ 44,741	$ 58,998
Cost of goods sold	28,490	33,757
Gross profit	16,251	25,241
Selling, general, and administrative expenses	17,332	19,587
Operating income (loss)	(1,081)	5,654
Interest expense, net	1,168	706
Foreign currency exchange gain	(536)	(63)
Other expense (income)	19	(421)
Income (loss) before income taxes	(1,732)	5,432
Provision (benefit) for income taxes	(367)	1,500
Net income (loss)	(1,365)	3,932
Less: Net income attributable to noncontrolling interest	112	77
Net income (loss) attributable to Measurement Specialties, Inc. ("MEAS")	$ (1,477)	$ 3,855
Earnings per common share:		
Net income (loss) - Basic	$ (0.10)	$ 0.27
Net income (loss) - Diluted	$ (0.10)	$ 0.27
Weighted average shares outstanding - Basic	14,486	14,448
Weighted average shares outstanding - Diluted	14,486	14,529

See accompanying notes to condensed consolidated financial statements.

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

(Amounts in thousands)	June 30, 2009	March 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,444	$ 23,483
Accounts receivable trade, net of allowance for doubtful accounts of $885 and $898, respectively	26,231	28,830
Inventories, net	43,216	45,384
Deferred income taxes, net	2,080	2,067
Prepaid expenses and other current assets	3,493	3,968
Other receivables	789	458
Due from joint venture partner	1,669	1,824
Promissory note receivable	283	283
Income taxes receivable	799	-
Total current assets	102,004	106,297
Property, plant and equipment, net	46,446	46,875
Goodwill	99,849	99,176
Acquired intangible assets, net	27,620	27,478
Deferred income taxes, net	926	2,985
Other assets	1,744	1,319
Total assets	$ 278,589	$ 284,130

See accompanying notes to condensed consolidated financial statements.

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

(Amounts in thousands, except share amounts)	June 30, 2009	March 31, 2009
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of promissory notes payable	$ 2,303	$ 2,176
Current portion of long-term debt	2,329	2,356
Current portion of capital lease obligations	679	797
Accounts payable	12,051	15,381
Accrued expenses	4,375	3,041
Accrued compensation	6,343	5,656
Income taxes payable	-	1,838
Other current liabilities	3,933	3,394
Total current liabilities	32,013	34,639
Revolver	66,435	71,407
Promissory notes payable, net of current portion	4,606	4,352
Long-term debt, net of current portion	12,235	12,769
Capital lease obligations, net of current portion	214	250
Other liabilities	1,120	1,085
Total liabilities	116,623	124,502
Equity:		
Measurement Specialties, Inc. ("MEAS") shareholders' equity:		
Serial preferred stock; 221,756 shares authorized; none outstanding	-	-
Common stock, no par; 25,000,000 shares authorized; 14,485,937 and 14,483,622 shares issued and outstanding, respectively	-	-
Additional paid-in capital	82,550	81,948
Retained earnings	65,741	67,218
Accumulated other comprehensive income	11,162	8,110
Total MEAS shareholders' equity	159,453	157,276
Noncontrolling interest	2,513	2,352
Total equity	161,966	159,628
Total liabilities and shareholders' equity	$ 278,589	$ 284,130

See accompanying notes to condensed consolidated financial statements.

MEASUREMENT SPECIALTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2009 AND 2008
(UNAUDITED)

(Dollars in thousands)	Shares of Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total	Comprehensive Income (Loss)
Balance, March 31, 2008	14,440,848	$ 78,720	$ 61,939	$ 15,130	$ 1,953	$ 157,742	
Comprehensive income:							
Net income		-	3,855	-	77	3,932	$ 3,932
Currency translation adjustment		-	-	(433)	(181)	(614)	(614)
Comprehensive income							$ 3,318
Non-cash equity based compensation (SFAS 123R)		798	-	-	-	798	
Amounts from exercise of stock options	16,252	159	-	-	-	159	
Balance, June 30, 2008	14,457,100	$ 79,677	$ 65,794	$ 14,697	$ 1,849	$ 162,017	
Balance, March 31, 2009	14,483,622	$ 81,948	$ 67,218	$ 8,110	$ 2,352	$ 159,628	
Comprehensive income:							
Net income (loss)		-	(1,477)	-	112	(1,365)	$ (1,365)
Currency translation adjustment		-	-	3,052	49	3,101	3,101
Comprehensive income							$ 1,736
Non-cash equity based compensation (SFAS 123R)		600	-	-	-	600	
Amounts from exercise of stock options	2,315	2	-	-	-	2	
Balance, June 30, 2009	14,485,937	$ 82,550	$ 65,741	$ 11,162	$ 2,513	$ 161,966	

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 June 30, 2009	2008
Cash flows from operating activities:		
Net income (loss)	$ (1,365)	$ 3,932
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:		
Depreciation and amortization	3,730	3,337
Loss on sale of assets	36	19
Non-cash equity based compensation (SFAS 123R)	600	798
Deferred income taxes	80	(67)
Net change in operating assets and liabilities:		
Accounts receivable, trade	3,162	4,089
Inventories	3,166	(2,589)
Prepaid expenses, other current assets and other receivables	442	(104)
Other assets	195	220
Accounts payable	(4,195)	(901)
Accrued expenses, accrued compensation, other current and other liabilities	2,298	(239)
Income taxes payable and income taxes receivable	(908)	827
Net cash provided by operating activities from continuing operations	7,241	9,322
Cash flows from investing activities from continuing operations:		
Purchases of property and equipment	(943)	(3,318)
Proceeds from sale of assets	55	4
Acquisition of business, net of cash acquired	(100)	-
Net cash used in investing activities from continuing operations	(988)	(3,314)
Cash flows from financing activities from continuing operations:		
Repayments of long-term debt	(628)	(876)
Repayments of short-term debt, revolver, capital leases and notes payable	(5,187)	(223)
Payment of deferred financing costs	(832)	-
Proceeds from exercise of options and employee stock purchase plan	2	159
Net cash used in financing activities from continuing operations	(6,645)	(940)
Net cash provided by investing activities of discontinued operations	-	271
Net cash provided by discontinued operations	-	271
Net change in cash and cash equivalents	(392)	5,339
Effect of exchange rate changes on cash	353	(122)
Cash, beginning of year	23,483	21,565
Cash, end of period	$ 23,444	$ 26,782
Supplemental Cash Flow Information:		
Cash paid or received during the period for:		
Interest paid	$ 502	$ 904
Income taxes paid	1,471	656
Income taxes refunded	1,387	-

See accompanying notes to condensed consolidated financial statements.

MEASUREMENT SPECIALTIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED JUNE 30, 2009 AND 2008
(UNAUDITED)

(Amounts in thousands, except share and per share amounts)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION:

Interim Financial Statements: The information presented as of June 30, 2009 and for the three month periods ended June 30, 2009 and 2008 are unaudited, and reflect all adjustments (consisting only of normal recurring adjustments) which Measurement Specialties, Inc. (the “Company” or “MEAS”)) considers necessary for the fair presentation of the Company’s financial position as of June 30, 2009, the results of its operations for the three month periods ended June 30, 2009 and 2008, and cash flows for the three month periods ended June 30, 2009 and 2008. The Company’s March 31, 2009 balance sheet information was derived from the audited consolidated financial statements for the year ended March 31, 2009, which are included as part of the Company’s Annual Report on Form 10-K.

The condensed consolidated financial statements included herein have been prepared in accordance with U.S. generally accepted accounting principles and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2009, which are included as part of the Company’s Annual Report on Form 10-K.

The Company has evaluated subsequent events for potential recognition and/or disclosure through August 5, 2009, the date of the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q were issued.

Description of Business: 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation: The condensed consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and its joint venture in Japan. All significant intercompany balances and transactions have been eliminated in consolidation.

In accordance with Financial Accounting Standards Board (“FASB”) Interpretation No. 46R (“FIN 46R”) (revised December 2003), Consolidation of Variable Interest Entities, the Company consolidates its joint venture in Japan, its one variable interest entity (“VIE”) for which the Company is the primary beneficiary. With the purchase of YSI Temperature in April 2006, the Company acquired a 50 percent ownership interest in Nikisso-THERM (“NT”), a joint venture in Japan. This joint venture is included in the condensed consolidated financial statements of the Company for the periods ended June 30, 2009 and 2008, and at June 30, 2009 and March 31, 2009. In accordance with the disclosure requirements of Statement of Financial Accounting Standards (“SFAS”) No. 160, Noncontrolling Interests in Consolidated Financial Statements- an amendment to ARB No. 51 (“SFAS No. 160”), noncontrolling interest represents the ownership interest in NT not owned by the Company. The presentation of certain prior year information for minority interest in the condensed consolidated statements of operations, condensed consolidated balance sheets, condensed consolidated statements of shareholders’ equity and condensed consolidated statements of cash flows have been reclassified to non-controlling interests.

In accordance with the disclosure requirements of FASB Staff Position (FSP) SFAS No. 140-4 and FIN 46R-8, Disclosures by Public Entities about Transfers of Financial Assets and Interest in Variable Interest Entities, the nature of the Company’s involvement with NT is not as a sponsor of a qualifying special purpose entity (SPE) for the transfer of financial assets. NT is a self-sustaining manufacturer and distributor of temperature based sensor systems in Asian markets. The assets of NT are for the operations of the joint venture and the VIE relationship does not expose the Company to risks not considered normal business risks. The carrying amount and classification of the variable interest entity’s assets and liabilities in the consolidated statement of financial position that are consolidated in accordance with FIN 46R are as follows at June 30, 2009 and March 31, 2009:

		June 30, 2009		March 31, 2009
Assets:				
Cash	$	1,383	$	1,206
Accounts receivable		1,240		1,176
Inventory		660		660
Other assets		429		456
Due from joint venture partner		1,669		1,824
Property and equipment		191		203
		5,572		5,525
Liabilities:				
Accounts payable		209		194
Accrued expenses		95		195
Income tax payable		106		276
Other liabilities		137		156
	$	547	$	821

Reclassifications: The presentation of certain prior year information in the condensed consolidated statement of cash flows for adjustments to reconcile net income to net cash provided by operating activities previously presented for the provision for doubtful accounts, provision for inventory reserve and provision for warranty have been reclassified to trade accounts receivable, inventories and accrued expenses, respectively, to conform with current year presentation. The presentation of certain prior year information in the condensed consolidated balance sheets previously presented in non-current deferred income tax assets have been reclassified to income taxes receivable to conform with current year presentation.

Use of Estimates: The preparation of the condensed consolidated financial statements, in accordance with U.S. generally accepted accounting principles, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, carrying amount and analysis of recoverability of property, plant and equipment, acquired intangibles, goodwill, deferred tax assets, valuation allowances for receivables, inventories, income tax uncertainties and other contingencies, and stock based compensation. Actual results could differ from those estimates.

Recently Adopted Accounting Standards: In December 2007, the FASB issued SFAS No. 141R, Business Combinations (“SFAS No. 141R”) and SFAS No. 160. SFAS No. 141R and SFAS No. 160 require most identifiable assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at “full fair value” and require noncontrolling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Both Statements are effective April 1, 2009. The Company will apply SFAS No.141R to business combinations occurring after March 31, 2009. The accounting for contingent consideration under SFAS No. 141R requires the measurement of contingencies at the fair value on the acquisition date. Contingent consideration can be either a liability or equity based, and as such will be accounted for under SFAS No. 150, SFAS No. 133, or EITF 00-19. Subsequent changes to the fair value of the contingent consideration (liability) are recognized in earnings, not to goodwill, and equity classified contingent consideration amounts are not re-measured. The adoption of SFAS No. 141R and SFAS No. 160 did not have a material impact on the Company’s results of operations and financial position.

In February 2008, the FASB issued FSP FAS No. 157-1, Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measures for Purposes of Lease

Classification or Measurement under Statement 13 ("FSP 157-1"). FSP 157-1 removed leasing transactions accounted for under SFAS No. 13, Accounting for Leases, and related guidance from the scope of SFAS 157. On April 1, 2009, the Company adopted the previously deferred provisions of SFAS No. 157, Fair Value Measurements, (SFAS No. 157) for non-financial assets and liabilities. The adoption of SFAS No. 157 did not have any impact on the Company's results of operations and financial position.

In April 2008, the FASB issued FSP FAS No. 142-3, Determination of the Useful Life of Intangible Assets, ("FSP 142-3"). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, Goodwill and Other Intangible Assets, ("SFAS 142"). The intent of FSP 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141R, and other U.S. GAAP pronouncements. FSP 142-3 shall be applied prospectively to all intangible assets acquired after its effective date. FSP 142-3 is effective for our interim and annual financial statements beginning after March 31, 2009. The adoption of this statement did not have any impact on the Company's results of operations and financial condition.

Recently Issued Accounting Pronouncements: In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles ("SFAS 162"), and in June 2009, SFAS No. 162 was replaced by SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162. SFAS No. 168 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with U.S. GAAP. SFAS No. 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. There will be no impact on our financial position, results of operations or cash flows upon the adoption of this standard.

Financial Accounting Standards Board Staff Position ("FSP") No. 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets," was issued on December 30, 2008. The FSP, effective for fiscal years ending after December 15, 2009, clarifies an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. The FSP prescribes expanded disclosures regarding investment allocation decisions, categories of plan assets, inputs, and valuation techniques used to measure fair value, the effect of Level 3 inputs on changes in plan assets and significant concentrations of risk. The Company will adopt the FSP at March 31, 2010 and does not expect the adoption of this FSP will have a material impact on the Company's results of operations and financial condition.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) ("SFAS No. 167"). SFAS No. 167 improves financial reporting by enterprises involved with variable interest entities and addresses (1) the effects on certain provisions of FIN 46(R), as a result of the elimination of the qualifying special-purpose entity concept in SFAS No. 166, Accounting for Transfers of Financial Assets, and (2) constituent concerns about the application of certain key provisions of FIN 46(R), including those in which the accounting and disclosures under SFAS No. 167 do not always provide timely and useful information about an enterprise's involvement in a variable interest entity. SFAS No. 167 is effective as of the beginning of the annual reporting period that begins after November 15, 2009, for interim periods within that annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. The Company does not expect the adoption of SFAS No. 167 to have a material impact on the Company's results of operations and financial condition.

3. STOCK BASED COMPENSATION AND PER SHARE INFORMATION

The Company accounts for stock-based compensation under SFAS No. 123R (Revised 2004), Share-Based Payment. Stock-based compensation expense for the three months ended June 30, 2009 and 2008 was $600 and $798, respectively. The estimated fair value of stock options granted during the three months ended June 30, 2009 approximated $9, net of expected forfeitures and is being recognized over their respective vesting periods. During the three months ended June 30, 2009, the Company recognized $1 of expense related to these options.

The Company has four share-based compensation plans for which options are currently outstanding. These plans are administered by the compensation committee of the Board of Directors, which approves grants to individuals eligible to receive awards and determines the number of shares and/or options subject to each award, the terms, conditions, performance measures, and other provisions of the award. The Chief Executive Officer can also grant individual awards up to certain limits as approved by the compensation committee. Awards are generally granted based on the individual's performance. Terms for stock-option awards include pricing based on the closing price of the Company's common stock on the award date, and generally vest over three to five year requisite service periods using a graded vesting schedule or subject to performance targets established by the compensation committee. Shares issued under stock option plans are newly issued common stock. Readers should refer to Note 14 of the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2009 for additional information related to the four share-based compensation plans under which options are currently outstanding.

During the three months ended June 30, 2009, the Company granted a total of 5,001 stock options from the 2008 Equity Incentive Plan (the “2008 Plan”). The 2008 Plan permits the granting of incentive stock options, non-qualified stock options, and restricted stock units. Subject to certain adjustments, the maximum number of shares of common stock that may be issued under the 2008 Plan in connection with awards is 1,400,000 shares. With the adoption of the 2008 Plan, no further options may be granted under the Company’s other option plans.

The Company uses the Black-Scholes-Merton option pricing model to estimate the fair value of stock-based awards with the following assumptions for the indicated period.

	Three months ended June 30,	
	2009	2008
Dividend yield	-	-
Expected Volatility	59.5%	39.1%
Risk-Free Interest Rate	1.4%	2.1%
Expected term after vesting (in years)	2.0	2.0
Weighted-average grant-date fair value	$ 1.74	$ 5.68

The assumptions above are based on multiple factors, including historical exercise patterns of employees with respect to exercise and post-vesting employment termination behaviors, expected future exercise patterns for these employees and the historical volatility of our stock price and the stock prices of companies in our peer group (Standard Industrial Classification or “SIC” Code 3823). The expected term of options granted is derived using company-specific, historical exercise information and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

During the three months ended June 30, 2009, 2,315 stock options were exercised yielding $2 in cash proceeds and no tax benefit recognized as additional paid-in capital. At June 30, 2009, there was $2,241 of unrecognized compensation cost adjusted for estimated forfeitures related to share-based payments, which is expected to be recognized over a weighted-average period of approximately 1.8 years.

Per Share Information: Basic and diluted per share calculations are based on net income (loss) attributable to MEAS. Basic per share information is computed based on the weighted average common shares outstanding during each period. Diluted per share information additionally considers the shares that may be issued upon exercise or conversion of stock options, less the shares that may be repurchased with the funds received from their exercise. Since the Company was in a loss position for the three months ended June 30, 2009, all shares that may be issued upon exercise or conversion of stock options were excluded from the calculation of diluted shares since the impact would have an anti-dilutive effect. Outstanding awards relating to approximately 1,858,559 weighted shares were excluded from the calculation for the three months ended June 30, 2008, as the impact of including such awards in the calculation of diluted earnings per share would have had an anti-dilutive effect.

The computation of the basic and diluted net income per common share is as follows:

	Net income (Loss) (Numerator)	Weighted Average Shares in thousands (Denominator)	Per-Share Amount
Three months ended June 30, 2009:			
Basic per share information	$ (1,477)	14,486	$ (0.10)
Effect of dilutive securities	-	-	-
Diluted per-share information	$ (1,477)	14,486	$ (0.10)
Three months ended June 30, 2008:			
Basic per share information	$ 3,855	14,448	$ 0.27
Effect of dilutive securities	-	81	-
Diluted per-share information	$ 3,855	14,529	$ 0.27

4. INVENTORIES

Inventories and inventory reserves for slow-moving, obsolete and lower of cost or market exposures at June 30, 2009 and March 31, 2009 are summarized as follows:

	June 30, 2009	March 31, 2009
Raw Materials	$ 24,355	$ 22,270
Work-in-Process	5,053	4,622
Finished Goods	17,439	21,981
	46,847	48,873
Inventory Reserves	(3,631)	(3,489)
	$ 43,216	$ 45,384

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Equipment under capital leases is stated at the present value of minimum lease payments. Property, plant and equipment are summarized as follows:

	June 30, 2009	March 31, 2009

Production equipment & tooling	$	47,695	$	45,894
Building and leasehold improvements		23,975		24,301
Furniture and equipment		13,903		13,663
Construction-in-progress		613		1,122
Total		86,186		84,980
Less: accumulated depreciation and amortization		(39,740)		(38,105)
	$	46,446	$	46,875

Total depreciation was $2,008, and $1,973 for the three months ended June 30, 2009 and 2008, respectively. Property and equipment included $893 and $1,047 in capital leases at June 30, 2009 and March 31, 2009, respectively.

6. ACQUISITIONS AND ACQUIRED INTANGIBLES

Acquisitions: As part of its growth strategy, the Company consummated fourteen acquisitions since June 2004 with total purchase price exceeding $167,000, of which two acquisitions were made during each fiscal year ended March 31, 2009 and 2008. All of these acquisitions have been accounted for as purchases and have resulted in the recognition of goodwill in the Company's consolidated financial statements. This goodwill arises because the purchase prices for these businesses reflect a number of factors, including the future earnings and cash flow potential of these businesses, and other factors at which similar businesses have been purchased by other acquirers, the competitive nature of the process by which the Company acquired the business, and the complementary strategic fit and resulting synergies these businesses bring to existing operations.

Goodwill balances presented in the condensed consolidated balance sheets of foreign acquisitions are translated at the exchange rate in effect at each balance sheet date; however, opening balance sheets used to calculate goodwill and acquired intangible assets are based on purchase date exchange rates, except for earn-out payments, which are recorded at the exchange rates in effect on the date the earn-out is accrued. The following table shows the roll-forward of goodwill reflected in the financial statements resulting from the Company's acquisition activities for the three months ended June 30, 2009:

Balance March 31, 2009	$ 99,176
Attributable to 2009 acquisitions	(5)
Effect of foreign currency translation	678