

MERRIMAC INDUSTRIES INC  
Form 10-Q  
August 14, 2007

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

FORM 10-Q

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

For the quarterly period ended June 30, 2007

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 0-11201

Merrimac Industries, Inc.  
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE 22-1642321  
(State or Other (I.R.S. Employer  
Jurisdiction of  
Incorporation or Identification  
Organization) No.)

41 FAIRFIELD PLACE  
WEST CALDWELL, NEW JERSEY 07006  
(Address of Principal Executive Offices) (Zip Code)

(973) 575-1300  
(Registrant's Telephone Number)

Former name, former address and former fiscal year, if changed since last report: N/A

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 large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large 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

As of August 10, 2007, there were 2,916,035 shares of Common Stock, par value \$.01 per share, outstanding.

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MERRIMAC INDUSTRIES, INC.  
 41 Fairfield Place  
 West Caldwell, NJ 07006

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## MERRIMAC INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS  
AND COMPREHENSIVE INCOME (LOSS)  
(UNAUDITED)

	Quarters Ended		Six Months Ended	
	June 30, 2007	July 1, 2006	June 30, 2007	July 1, 2006
<b>OPERATIONS</b>				
Net sales	\$ 6,225,005	\$ 8,250,886	\$ 11,649,284	\$ 14,481,589
<b>Costs and expenses:</b>				
Cost of sales	3,842,532	4,540,285	7,485,151	8,370,051
Selling, general and administrative	2,284,375	2,645,035	4,775,226	5,130,929
Research and development	360,571	516,096	871,567	888,044
Goodwill impairment charge	2,630,000	-	2,630,000	-
	9,117,478	7,701,416	15,761,944	14,389,024
Operating income (loss)	(2,892,473)	549,470	(4,112,660)	92,565
Interest and other expense, net	(70,450)	(32,977)	(114,065)	(51,681)
Income (loss) before income taxes	(2,962,923)	516,493	(4,226,725)	40,884
Provision (benefit) for income taxes	506,000	(13,000)	506,000	(48,000)
Net income (loss)	\$ (3,468,923)	\$ 529,493	\$ (4,732,725)	\$ 88,884
Net income (loss) per common share-basic	\$ (1.19)	\$ .17	\$ (1.58)	\$ .03
Net income (loss) per common share-diluted	\$ (1.19)	\$ .17	\$ (1.58)	\$ .03
<b>Weighted average number of shares outstanding:</b>				
Basic	2,910,711	3,143,725	3,003,513	3,146,444
Diluted	2,910,711	3,183,322	3,003,513	3,166,243
<b>COMPREHENSIVE INCOME (LOSS)</b>				
Net income (loss)	\$ (3,468,923)	\$ 529,493	\$ (4,732,725)	\$ 88,884
<b>Comprehensive income:</b>				
Foreign currency translation adjustment	307,131	327,556	368,514	318,847
Comprehensive income (loss)	\$ (3,161,792)	\$ 857,049	\$ (4,364,211)	\$ 407,731

See accompanying notes.

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MERRIMAC INDUSTRIES, INC.  
CONSOLIDATED BALANCE SHEETS

	June 30, 2007 (UNAUDITED)	December 30, 2006 (Note 1)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,817,408	\$ 5,961,537
Accounts receivable, net	5,230,332	5,851,617
Income tax refunds receivable	103,000	99,000
Inventories, net	4,783,787	3,917,473
Other current assets	726,555	881,699
Deferred tax assets	-	10,000
<b>Total current assets</b>	<b>13,661,082</b>	<b>16,721,326</b>
Property, plant and equipment	41,235,675	40,084,105
Less accumulated depreciation and amortization	28,497,706	27,098,740
Property, plant and equipment, net	12,737,969	12,985,365
Other assets	538,654	491,596
Deferred tax assets	100,000	552,000
Goodwill	1,062,534	3,503,219
<b>Total Assets</b>	<b>\$ 28,100,239</b>	<b>\$ 34,253,506</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 620,655	\$ 648,524
Accounts payable	1,438,141	994,221
Accrued liabilities	1,322,755	1,420,322
Customer deposits	305,783	203,783
Deferred income taxes	100,000	100,000
<b>Total current liabilities</b>	<b>3,787,334</b>	<b>3,366,850</b>
Long-term debt, net of current portion	4,277,279	4,564,040
Deferred liabilities	49,569	37,839
<b>Total liabilities</b>	<b>8,114,182</b>	<b>7,968,729</b>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$.01 per share:		
Authorized: 1,000,000 shares		
No shares issued		
Common stock, par value \$.01 per share:		
20,000,000 shares authorized; 3,278,940 and 3,265,638 shares issued;		
and 2,916,035 and 3,141,433 shares outstanding, respectively		
	32,789	32,656
Additional paid-in capital	19,450,788	19,237,130
Retained earnings	1,867,092	6,599,817
Accumulated other comprehensive income	1,757,552	1,389,038
	23,108,221	27,258,641
Less treasury stock, at cost - 362,905 shares at June 30, 2007 and 124,205 shares at December 30, 2006	(3,122,164)	(973,864)
<b>Total stockholders' equity</b>	<b>19,986,057</b>	<b>26,284,777</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 28,100,239</b>	<b>\$ 34,253,506</b>

See accompanying notes.

MERRIMAC INDUSTRIES, INC.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
SIX MONTHS ENDED JUNE 30, 2007  
(UNAUDITED)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital(A)	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Shares	Stock Amount	Total
Balance, December 30, 2006	3,265,638	\$ 32,656	\$ 19,237,130	\$ 6,599,817	\$ 1,389,038	124,205	\$ (973,864)	26,284,777
Net loss				(4,732,725)				(4,732,725)
Share-based compensation			132,466					132,466
Stock Purchase Plan sales	1,002	10	7,485					7,495
Exercise of stock options	9,300	93	73,707					73,800
Vesting of restricted stock.	3,000	30						30
Repurchase of common stock For the treasury						238,700	(2,148,300)	(2,148,300)
Foreign currency translation					368,514			368,514
Balance, June 30, 2007	3,278,940	\$ 32,789						