

MERRIMAC INDUSTRIES INC  
Form 10-Q  
November 13, 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 September 29, 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  
(State or Other Jurisdiction of  
Incorporation or Organization)

22-1642321  
(I.R.S. Employer  
Identification 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 November 9, 2007, there were 2,926,033 shares of Common Stock, par value \$.01 per share, outstanding.



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		Nine Months Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
<b>CONTINUING OPERATIONS</b>				
Net sales	\$ 6,612,494	\$ 5,498,645	\$ 16,495,411	\$ 17,282,913
Costs and expenses:				
Cost of sales	3,796,384	3,215,008	9,615,265	9,620,739
Selling, general and administrative	2,099,038	2,221,596	6,292,769	6,706,503
Research and development	399,980	578,511	1,219,487	1,402,141
	6,295,402	6,015,115	17,127,521	17,729,383
Operating income (loss)	317,092	(516,470)	(632,110)	(446,470)
Interest and other (expense) income, net	(72,196)	52,640	(55,795)	119,692
Income (loss) from continuing operations before income taxes	244,896	(463,830)	(687,905)	(326,778)
Provision (benefit) for income taxes	-	-	-	-
Income (loss) from continuing operations	244,896	(463,830)	(687,905)	(326,778)
<b>DISCONTINUED OPERATIONS</b>				
Loss from discontinued operations before income taxes	(1,472,457)	(147,737)	(4,766,381)	(243,905)
Writedown of net assets held for sale to fair value	(585,884)	-	(585,884)	-
Provision (benefit) for income taxes	-	(13,000)	506,000	(61,000)
Loss from discontinued operations	(2,058,341)	(134,737)	(5,858,265)	(182,905)
Net loss	\$ (1,813,445)	\$ (598,567)	\$ (6,546,170)	\$ (509,683)
Income (loss) per common share from continuing operations - basic	\$ .08	\$ (.15)	\$ (.23)	\$ (.10)
Loss per common share from discontinued operations - basic	\$ (.70)	\$ (.04)	\$ (1.97)	\$ (.06)
Net loss per common share - basic	\$ (.62)	\$ (.19)	\$ (2.20)	\$ (.16)
Income (loss) per common share from continuing operations - diluted	\$ .08	\$ (.15)	\$ (.23)	\$ (.10)
Loss per common share from discontinued operations - diluted	\$ (.69)	\$ (.04)	\$ (1.97)	\$ (.06)
Net loss per common share - diluted	\$ (.61)	\$ (.19)	\$ (2.20)	\$ (.16)
	2,917,245	3,137,241	2,974,757	3,143,377

Weighted average number of shares outstanding - basic				
Weighted average number of shares outstanding - diluted	2,960,187	3,137,241	2,974,757	3,143,377
<b>COMPREHENSIVE LOSS</b>				
Net loss	\$ (1,813,445)	\$ (598,567)	\$ (6,546,170)	\$ (509,683)
<b>Comprehensive income (loss):</b>				
Foreign currency translation adjustment	88,179	(2,318)	456,693	316,529
<b>Comprehensive loss</b>	<b>\$ (1,725,266)</b>	<b>\$ (600,885)</b>	<b>\$ (6,089,477)</b>	<b>\$ (193,154)</b>

See accompanying notes.

MERRIMAC INDUSTRIES, INC.  
CONSOLIDATED BALANCE SHEETS

	September 29, 2007 (UNAUDITED)	December 30, 2006 (Note 1)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,148,260	\$ 5,399,333
Accounts receivable, net	6,517,573	5,132,319
Inventories, net	4,481,851	3,740,317
Other current assets	776,482	833,543
Current assets held for sale	1,044,334	1,615,814
Total current assets	13,968,500	16,721,326
Property, plant and equipment	37,580,094	36,626,348
Less accumulated depreciation and amortization	26,490,857	24,850,616
Property, plant and equipment, net	11,089,237	11,775,732
Restricted cash	250,000	-
Other assets	499,305	491,596
Deferred tax assets	100,000	100,000
Long-term assets held for sale	793,192	5,164,852
Total Assets	\$ 26,700,234	\$ 34,253,506
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 550,000	\$ 550,000
Accounts payable	682,072	758,344
Accrued liabilities	1,246,672	1,077,169
Customer deposits	356,044	203,783
Deferred income taxes	100,000	100,000
Current liabilities related to assets held for sale	1,151,180	677,554
Total current liabilities	4,085,968	3,366,850
Long-term debt, net of current portion	3,900,000	4,312,500
Deferred liabilities	55,434	37,839
Long-term liabilities related to assets held for sale	236,346	251,540
Total liabilities	8,277,748	7,968,729
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; 3,288,388 and 3,265,638 shares issued; and 2,925,483 and 3,141,433 shares outstanding, respectively		
	32,884	32,656
Additional paid-in capital	19,612,388	19,237,130
Retained earnings	53,647	6,599,817
Accumulated other comprehensive income	1,845,731	1,389,038
	21,544,650	27,258,641
Less treasury stock, at cost - 362,905 shares at September 29, 2007 and 124,205 shares at December 30, 2006	(3,122,164)	(973,864)

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Total stockholders' equity	18,422,486	26,284,777
Total Liabilities and Stockholders' Equity	\$ 26,700,234	\$ 34,253,506

See accompanying notes.

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MERRIMAC INDUSTRIES, INC.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
NINE MONTHS ENDED SEPTEMBER 29, 2007  
(UNAUDITED)

	Common Stock		Additional	Retained	Accumulated	Treasury Stock		Total
	Shares	Amount	Paid-in Capital(A)	Earnings	Comprehensive Income	Shares	Amount	
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				(6,546,170)				(6,546,170)
Share-based compensation			223,007					223,007
Stock Purchase Plan sales	10,450	105	78,544					78,649
Exercise of stock options								