

News Release

FOR IMMEDIATE RELEASE

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Merrimac Reports First Quarter 2008 Results Quarterly Continuing Operations Results Improve Record Quarter-End Backlog Exceeds \$20 Million

Merrimac Industries, Inc. Summary of Consolidated Statements of Operations (Unaudited)

| | <u>Quarter Ended</u> | |
|---|---------------------------|-------------------------------|
| | <u>March 29, 2008</u> | <u>March 31, 2007 (a)</u> |
| Net sales | \$ 5,758,000 | \$ 4,511,000 |
| Gross profit | 2,306,000 | 1,697,000 |
| Selling, general and administrative expenses | 2,245,000 | 2,217,000 |
| Research and development | 373,000 | 484,000 |
| Operating loss | (312,000) | (1,004,000) |
| Interest and other (expense) income, net | (60,000) | 21,000 |
| Loss from continuing operations | (372,000) | (983,000) |
| Loss from discontinued operations | - | (281,000) |
| Net loss | (372,000) | (1,264,000) |
| Net loss per common share: | | |
| Loss from continuing operations | \$(.13) | \$(.32) |
| Loss from discontinued operations | - | \$(.09) |
| Net loss per common share-basic and diluted | \$(.13) | \$(.41) |
| Weighted average number of shares outstanding- basic and diluted | 2,933,000 | 3,096,000 |

(a) In accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the operating results of Filtran Microcircuits Inc. for the prior period have been reported as discontinued operations.

Merrimac Industries, Inc.
Condensed Consolidated Balance Sheets

| | March 29, 2008 | December 29, 2007 |
|---|----------------|-------------------|
| | (Unaudited) | (Unaudited) |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 627,000 | \$ 2,004,000 |
| Accounts receivable, net | 5,797,000 | 5,300,000 |
| Inventories | 6,074,000 | 5,040,000 |
| Other current assets | 742,000 | 774,000 |
| Due from assets sale contract | - | 664,000 |
| Total current assets | 13,240,000 | 13,782,000 |
| Property, plant and equipment, net | 10,690,000 | 10,956,000 |
| Restricted cash | - | 250,000 |
| Other assets | 539,000 | 532,000 |
| Deferred tax assets | 52,000 | 52,000 |
| Total Assets | \$ 24,521,000 | \$ 25,572,000 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 550,000 | \$ 550,000 |
| Accounts payable | 977,000 | 944,000 |
| Other current liabilities | 1,808,000 | 2,328,000 |
| Deferred tax liabilities | 52,000 | 52,000 |
| Total current liabilities | 3,387,000 | 3,874,000 |
| Long-term debt, net of current portion | 3,375,000 | 3,763,000 |
| Deferred liabilities | 62,000 | 61,000 |
| Total liabilities | 6,824,000 | 7,698,000 |
| Stockholders' equity: | | |
| Common stock | 33,000 | 33,000 |
| Additional paid-in capital | 19,985,000 | 19,790,000 |
| Retained earnings | 801,000 | 1,173,000 |
| Treasury stock | (3,122,000) | (3,122,000) |
| Stockholders' equity | 17,697,000 | 17,874,000 |
| Total Liabilities and Stockholders' Equity | \$ 24,521,000 | \$ 25,572,000 |

Merrimac Industries, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

| | <u>Quarter Ended</u> | |
|--|----------------------|-----------------------|
| | March 29, 2008 | March 31, 2007 (a) |
| Cash flows from operating activities: | | |
| Net loss | \$ (372,000) | \$ (1,264,000) |
| Less, loss from discontinued operations | <u>-</u> | <u>(281,000)</u> |
| Loss from continuing operations | (372,000) | (983,000) |
| Adjustments to reconcile loss from continuing operations to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 618,000 | 571,000 |
| Amortization of deferred financing costs | 8,000 | 7,000 |
| Share-based compensation | 120,000 | 52,000 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (497,000) | 1,024,000 |
| Inventories | (1,034,000) | (175,000) |
| Other current assets | 32,000 | 246,000 |
| Other assets | (15,000) | 17,000 |
| Other current liabilities | (488,000) | (98,000) |
| Deferred liabilities | <u>1,000</u> | <u>6,000</u> |
| Net cash provided by (used by) operating activities-continuing operations | (1,627,000) | 667,000 |
| Net cash used by operating activities-discontinued operations | <u>-</u> | <u>(152,000)</u> |
| Net cash provided by (used by) operating activities | <u>(1,627,000)</u> | <u>515,000</u> |
| Cash flows from investing activities: | | |
| Purchases of capital assets | (351,000) | (396,000) |
| Proceeds from sale of discontinued operations | <u>664,000</u> | <u>-</u> |
| Net cash provided by (used in) investing activities-continuing operations | 313,000 | (401,000) |
| Net cash used in investing activities-discontinued operations | <u>-</u> | <u>(98,000)</u> |
| Net cash provided by (used in) investing activities | <u>313,000</u> | <u>(499,000)</u> |
| Cash flows from financing activities: | | |
| Repurchase of common stock for the treasury | - | (2,148,000) |
| Repayment of borrowings | (388,000) | (137,000) |
| Restricted cash returned | 250,000 | - |
| Proceeds from stock sales | <u>75,000</u> | <u>51,000</u> |

| | | |
|---|-------------------|---------------------|
| Net cash provided by (used in) financing activities-continuing operations | (63,000) | (2,234,000) |
| Net cash used in financing activities-discontinued operations | <u>-</u> | <u>(43,000)</u> |
| Net cash provided by (used in) financing activities | <u>(63,000)</u> | <u>(2,277,000)</u> |
| Effect of exchange rate changes | <u>-</u> | <u>2,000</u> |
| Net increase (decrease) in cash and cash equivalents | (1,377,000) | (2,259,000) |
| Cash and cash equivalents at beginning of period, including \$562,000 in 2007 reported under assets held for sale | <u>2,004,000</u> | <u>5,961,000</u> |
| Cash and cash equivalents at end of period including \$271,000 reported under assets held for sale in 2007 | <u>\$ 627,000</u> | <u>\$ 3,702,000</u> |

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