

**SUMMARY CONSOLIDATED
BALANCE SHEETS (Unaudited)**

April 3, 2004 and March 29, 2003

	2004	2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,627,952	\$ 2,146,160
Income tax refunds receivable	128,344	302,085
Accounts receivable, net	5,704,329	5,535,830
Inventories	3,216,785	3,803,224
Other current assets	452,771	394,642
Deferred tax assets	1,055,000	945,000
Total current assets	<u>12,185,181</u>	<u>13,126,941</u>
Property, plant and equipment, net	16,721,557	19,249,394
Restricted cash	1,500,000	-
Other assets	819,073	790,525
Deferred tax assets	564,000	929,000
Goodwill	3,053,345	2,691,670
Total Assets	<u>\$ 34,843,156</u>	<u>\$ 36,787,530</u>

**LIABILITIES AND
STOCKHOLDERS' EQUITY**

Liabilities:		
Current portion of long-term debt	\$ 877,577	\$ 6,112,365
Other current liabilities	4,037,496	3,616,941
Total current liabilities	4,915,073	9,729,306
Long-term debt	3,440,706	416,524
Deferred compensation	79,952	115,067
Deferred liabilities	44,504	240,739
Deferred tax liabilities	1,403,000	1,717,000
Total liabilities	<u>9,883,235</u>	<u>12,218,636</u>
Stockholders' equity:		
Common stock	32,030	32,027
Common stock warrants	-	837,200
Additional paid-in capital	18,686,914	17,848,697
Retained earnings	6,712,436	6,940,593
Comprehensive income	614,407	52,243
	<u>26,045,787</u>	<u>25,710,760</u>
Less treasury stock, at cost	(573,866)	(573,866)
Less officer-stockholder loan	(512,000)	(568,000)
Total stockholders' equity	<u>24,959,921</u>	<u>24,568,894</u>
Total Liabilities and Stockholders' Equity	<u>\$ 34,843,156</u>	<u>\$ 36,787,530</u>

**MERRIMAC INDUSTRIES, INC.
FIRST QUARTER 2004 REPORT**

>500 Watts

100 GHz

POSITIONED
KNOWN
RELIABLE

Mission-Critical

MERRIMAC



41 Fairfield Place, West Caldwell, NJ 07006
Tel: 973.575.1300 / Fax: 973.575.0531
Internet: www.merrimacind.com

First Quarter 2004 Results of Operations

Sales for the first quarter of 2004 were \$7,648,000, which was a first quarter Company sales record, and a 17.4 percent increase compared to first quarter 2003 sales of \$6,512,000. First quarter 2004 sales increased due to an improvement in orders received during the first quarter and higher beginning backlog going into the first quarter.

Operating income in the first quarter totaled \$322,000 compared to an operating loss of \$477,000 recorded for the first quarter of 2003. Operating results for the first quarter improved as a result of increased sales and improved product mix, improved facilities utilization and the favorable impact from cost management initiatives instituted during 2003.

Net income for the first quarter of 2004 was \$231,000 compared to a net loss of \$455,000 for the first quarter of 2003. Net income per share was \$.07 for the first quarter of 2004, compared to a net loss per share of \$.15 reported for the first quarter of 2003.

The backlog at the end of the first quarter of 2004 was \$13.4 million, an increase of \$1.0 million or approximately 7.8 percent compared to the backlog of \$12.4 million at year-end 2003 and an increase of \$1.7 million or 14.5 percent when compared to the backlog of \$11.7 million at the end of the first quarter of 2003. Orders received during the first quarter of 2004 totaled \$8.7 million and were approximately 13.6 percent above first quarter 2004 sales.

We are pleased with record first quarter sales and the resulting performance, in this, our 50th Anniversary Year. Operating improvements and greater factory utilization produced increased profitability for the second consecutive quarter. We are well-positioned to provide solid customer value through total integrated packaging solutions.

Thank you for your continued support and confidence,



Mason N. Carter
Chairman and CEO

May 17, 2004

Note: This report contains statements relating to future results of the Company (including certain projections and business trends) that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those projected as a result of certain risks and uncertainties. These risks and uncertainties include, but are not limited to: risks associated with demand for and market acceptance of existing and newly developed products as to which the Company has made significant investments, particularly its Multi-Mix® products; general economic and industry conditions; slower than anticipated penetration into the satellite communications, defense and wireless markets; the risk that the benefits expected from the acquisition of Filtran Microcircuits Inc. are not realized; the ability to protect proprietary information and technology; competitive products and pricing pressures; risks relating to governmental regulatory actions in communications and defense programs; and inventory risks due to technological innovation and product obsolescence, as well as other risks and uncertainties, including but not limited to those detailed from time to time in the Company's Securities and Exchange Commission filings. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

SUMMARY QUARTERLY CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Quarter Ended	
	April 3, 2004	March 29, 2003
Net sales	\$ 7,647,829	\$ 6,511,644
Gross profit	3,347,897	2,451,941
Selling, general and administrative	2,454,419	2,329,394
Research and development	571,585	599,731
Operating income (loss)	321,893	(477,184)
Income (loss) before income taxes	240,931	(536,385)
Provision (benefit) for income taxes	10,000	(81,000)
Net income (loss)	230,931	(455,385)
Net income (loss) per common share - basic and diluted	\$.07	\$ (.15)
Weighted average number of shares outstanding - diluted	3,134,848	3,120,095