

MFIC CORP  
Form 10-Q  
November 14, 2005

## **FORM 10-Q**

# **SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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

**For the quarterly period ended September 30, 2005**

**Commission file number 0-11625**

## **MFIC CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation or Organization)

**04-2793022**  
(I.R.S. Employer  
Identification No.)

**30 Ossipee Road, P.O. Box 9101, Newton, Massachusetts 02464**  
(Address of Principal Executive Offices) (Zip Code)

**(617) 969-5452**  
(Registrant's Telephone Number, Including Area Code)

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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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Registrant had 9,828,110 shares of Common Stock, par value \$.01 per share, outstanding on November 8, 2005.

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MFIC CORPORATION

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## PART I. FINANCIAL INFORMATION

## ITEM 1.

## MFIC CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2005	December 31, 2004
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 1,084,767	\$ 2,028,114
Accounts receivable, less allowance for doubtful accounts of \$21,160 at September 30, 2005 and \$13,203 at December 31, 2004	1,785,707	2,056,522
Inventories, net	2,198,274	1,888,138
Note receivable NuSil		100,000
Note receivable current		25,000
Prepaid expenses	351,935	227,607
Other current assets	29,943	45,167
Deferred income taxes	527,000	450,000
<b>TOTAL CURRENT ASSETS</b>	<b>5,977,626</b>	<b>6,820,548</b>
<i>Property and Equipment, at cost:</i>		
Furniture, fixtures and office equipment	568,870	451,341
Machinery and equipment	400,509	368,374
Leasehold improvements	89,936	85,795
	1,059,315	905,510
Less: Accumulated depreciation and amortization	(628,204)	(511,170)
Net property and equipment	431,111	394,340
Patents, licenses and other assets (net of accumulated amortization of \$21,147, at September 30, 2005 and \$18,297 at December 31, 2004)	74,563	77,413
<b>TOTAL ASSETS</b>	<b>\$ 6,483,300</b>	<b>\$ 7,292,301</b>

See notes to condensed consolidated financial statements.

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	September 30, 2005	December 31, 2004
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<i>Current Liabilities:</i>		
Line of credit	\$ 259,000	\$
Accounts payable	172,483	120,841
Accrued expenses	64,891	162,554
Accrued commissions	130,825	193,073
Accrued compensation and vacation pay	132,862	132,970
Customer advances	197,502	775,327
Current portion of term note payable	250,000	250,000
Current portion-capital leases	38,507	
Current portion of long-term debt-related party		6,250
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,246,070</b>	<b>1,641,015</b>
Capital leases, net of current portion	21,666	
Term note	375,006	562,503
<b>TOTAL LIABILITIES</b>	<b>1,642,742</b>	<b>2,203,518</b>
<i>Stockholders Equity:</i>		
Common Stock, par value \$.01 per share, 20,000,000 shares authorized; 10,054,806 and 9,921,984 shares issued; 9,794,360 and 9,661,538 shares outstanding at September 30, 2005 and December 31, 2004, respectively	100,548	99,220
Additional paid-in capital	16,715,575	16,485,828
Deferred compensation	(29,750)	
Accumulated deficit	(11,258,114)	(10,808,564)
Less: treasury stock, at cost, 260,446 shares at September 30, 2005 and December 31, 2004, respectively	(687,701)	(687,701)
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>4,840,558</b>	<b>5,088,783</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 6,483,300</b>	<b>\$ 7,292,301</b>

See notes to condensed consolidated financial statements.

MFIC CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Nine months ended September 30, 2004
Revenues	\$ 2,881,267	\$ 3,163,785	\$ 8,581,381	\$ 8,497,214
Cost of goods sold	1,527,135	1,350,201		