

MICRON SOLUTIONS INC /DE/  
Form 10-Q  
August 14, 2018  
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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, 2018 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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

001-9731

(Commission file No.)

Micron Solutions, Inc.

(Exact name of registrant as specified in its charter)

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DELAWARE

(State or other jurisdiction of incorporation or organization)

72 0925679

(I.R.S. employer identification no.)

25 Sawyer Passway

Fitchburg, Massachusetts 01420

(Address of principal executive offices and zip code)

(978) 345-5000

(Registrant's telephone number, including area code)

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(Former name, former address and former fiscal year, if changed from last report)

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer Accelerated filer Non Accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 13, 2018 there were 2,850,177 shares of the Company's common stock outstanding.

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Micron Solutions, Inc. and Subsidiary

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PART I - CONDENSED FINANCIAL STATEMENTS

Item 1. Condensed Consolidated Financial Statements (unaudited)

Micron Solutions, Inc. and Subsidiary

Condensed Consolidated Balance Sheets

(unaudited)

June 30,  
2018

December 31,  
2017

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Assets		
Current assets:		
Cash and cash equivalents	\$ —	\$ 606,988
Restricted cash	—	350,000
Trade accounts receivable, net of allowance for doubtful accounts of \$40,000 at June 30, 2018 and December 31, 2017, respectively	3,052,691	2,595,248
Inventories	3,645,152	3,413,199
Prepaid expenses and other current assets	246,474	460,954
Total current assets	6,944,317	7,426,389
Property, plant and equipment, net	5,236,305	5,744,039
Assets held for sale, net	688,750	688,750
Intangible assets, net	53,224	55,133
Other assets	4,135	10,289
Total assets	\$ 12,926,731	\$ 13,924,600
Liabilities and Shareholders' Equity		
Current liabilities:		
Revolving line of credit	\$ 1,307,954	\$ 1,879,047
Term notes payable, current portion	390,709	367,779
Subordinated promissory notes, current portion	—	350,000
Accounts payable	1,326,070	1,534,349
Accrued expenses and other current liabilities	426,793	320,065
Contract liabilities, current portion	736,570	426,457
Total current liabilities	4,188,096	4,877,697
Long-term liabilities:		
Term notes payable, non-current portion	3,767,167	3,978,415
Total long-term liabilities	3,767,167	3,978,415
Total liabilities	7,955,263	8,856,112
Commitments and Contingencies		
Shareholders' equity:		
Preferred stock, \$0.001 par value; 2,000,000 shares authorized, none issued	—	—
Common stock, \$0.01 par value; 10,000,000 shares authorized; 3,926,491 issued, 2,850,177 outstanding at June 30, 2018 and 3,926,491 issued, 2,839,274 outstanding at December 31, 2017	39,265	39,265
Additional paid-in-capital	11,565,392	11,532,207
Treasury stock at cost, 1,076,314 shares at June 30, 2018 and 1,087,217 shares at December 31, 2017	(2,937,046)	(2,966,798)
Accumulated deficit	(3,696,143)	(3,536,186)
Total shareholders' equity	4,971,468	5,068,488
Total liabilities and shareholders' equity	\$ 12,926,731	\$ 13,924,600

See accompanying notes to condensed consolidated financial statements.

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Micron Solutions, Inc. and Subsidiary

Condensed Consolidated Statements of Operations

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Net sales	\$ 5,320,426	\$ 5,390,726	\$ 10,439,474	\$ 10,655,703
Cost of sales	4,442,606	5,008,889	8,830,294	9,620,492
Gross profit	877,820	381,837	1,609,180	1,035,211
Selling and marketing	204,036	234,820	394,576	500,693
General and administrative	529,092	552,678	1,133,127	1,169,508
Research and development	26,801	28,344	54,722	57,640
Total operating expenses	759,929	815,842	1,582,425	1,727,841
Net income (loss) from operations	117,891	(434,005)	26,755	(692,630)
Other income (expense):				
Interest expense	(96,016)	(87,429)	(193,028)	(151,330)
Other income, net	11,806			