

MICROPAC INDUSTRIES INC
Form 10-Q/A
July 16, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.20549

FORM 10-Q/A

(Mark One)

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

For the quarterly period ended May 26, 2012

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-5109

MICROPAC INDUSTRIES, INC.

Delaware 75-1225149
(State of Incorporation) (IRS Employer Identification No.)

905 E. Walnut, Garland, Texas 75040
(Address of Principal Executive Office) (Zip Code)

Registrant's Telephone Number, including (972) 272-3571
Area Code

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 x No o

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 x No o

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

Large accelerated filer Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

On July 10, 2012 there were 2,578,315 shares of Common Stock, \$.10 par value outstanding.

MICROPAC INDUSTRIES, INC.

FORM 10-Q/A

May 26, 2012

INDEX

PART I-FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

Condensed Balance Sheets as of May 26, 2012 (unaudited) and November 30, 2011
Condensed Statements of Operations for the three and six months ended May 26,
2012 and May 28, 2011 (unaudited)
Condensed Statements of Cash Flows for the six months ended May 26, 2012 and
May 28, 2011 (unaudited)
Notes to Condensed Financial Statements (unaudited)

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT
MARKET RISK

ITEM 4 - CONTROLS AND PROCEDURES

PART II-OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

ITEM 1A -RISK FACTORS

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF
PROCEEDS

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

ITEM 4 - MINE SAFETY DISCLOSURE

ITEM 5 - OTHER INFORMATION

ITEM 6 - EXHIBITS

SIGNATURES

2

EXPLANATORY NOTE TO AMENDMENT NO.1 ON FORM 10-Q/A

This is Amendment No. 1 to the Registrant's quarterly report on Form 10-Q for the quarter ended May 26, 2012, which was originally filed with the Securities and Exchange Commission on July 10, 2012. This Amendment No. 1 is being filed to change a typographical error on the income before taxes line for the three months ended 05/28/2011 of the Condensed Statement of Operations.

As reported on 10-Q

	Three months ended		Six months ended	
	05/26/12	05/28/11	05/26/12	05/28/11
INCOME BEFORE TAXES	\$19	\$691.8	\$141	\$1,750

Change on 10-Q/A

	Three months ended		Six months ended	
	05/26/12	05/28/11	05/26/12	05/28/11
INCOME BEFORE TAXES	\$19	\$691	\$141	\$1,750

This Amendment No. 1 does not modify or update disclosures presented in the original Form 10-Q.

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

MICROPAC INDUSTRIES, INC.
CONDENSED BALANCE SHEETS
(Dollars in thousands, except per share data)

ASSETS

CURRENT ASSETS	05/26/12 (Unaudited)	11/30/11
Cash and cash equivalents	\$7,404	\$8,488
Short-term investment	2,003	2,000
Accounts receivable	2,430	1,911
Inventories:		
Raw materials	2,825	2,803
Work-in process	2,570	2,475
Total inventories	5,395	5,278
Prepaid expenses and other current assets	114	145
Prepaid income tax	432	474
Deferred income tax	720	720
Total current assets	18,498	19,016
 PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land	80	80
Buildings	498	498
Facility improvements	1,059	1,059
Machinery and equipment	7,610	7,526
Furniture and fixtures	672	672
Total property, plant, and equipment	9,919	9,835
Less accumulated depreciation	(8,067)	(7,901)
Net property, plant, and equipment	1,852	1,934
Total assets	\$20,350	\$20,950

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$391	\$359
Accrued compensation	388	570
Other accrued liabilities	387	471
Deferred revenue	39	175
Income taxes payable	36	98
Total current liabilities	1,241	1,673
 DEFERRED INCOME TAXES	420	420

SHAREHOLDERS' EQUITY

Common stock, (\$.10 par value), authorized 10,000,000 shares,
 3,078,315 issued and 2,578,315 outstanding at May 26, 2012
 and November 30, 2011

	308		308
Paid-in capital	885		885
Treasury stock, 500,000 shares, at cost	(1,250)	(1,250)
Retained earnings	18,746		18,914
 Total shareholders' equity	 18,689		 18,857
 Total liabilities and shareholders' equity	 \$20,350		 \$20,950

See accompanying notes to financial statements.

MICROPAC INDUSTRIES, INC.
 CONDENSED STATEMENTS OF OPERATIONS
 (Dollars in thousands except share data)
 (Unaudited)

	Three months ended		Six months ended	
	05/26/12	05/28/11	05/26/12	05/28/11
NET SALES	\$4,098	\$5,437	\$7,812	\$11,027
COST AND EXPENSES:				
Cost of goods sold	(3,054)	(3,529)	(5,659)	(6,931)
Research and development	(81)	(246)	(203)	(395)
Selling, general & administrative expenses	(947)	(978)	(1,815)	(1,958)
Total cost and expenses	(4,082)	(4,753)	(7,677)	(9,284)
OPERATING INCOME BEFORE INTEREST, OTHER INCOME AND INCOME TAXES	16	684	135	1,743
Interest and other income	3	7	6	7
INCOME BEFORE TAXES	\$19	\$691	\$141	\$1,750
Provision for taxes	(7)	(249)	(51)	(630)
NET INCOME	\$12	\$442	\$90	\$1,120
NET INCOME PER SHARE, BASIC AND DILUTED	\$-	\$.17	\$.03	\$.43
DIVIDENDS PER SHARE	\$-	\$-	\$.10	\$.10
WEIGHTED AVERAGE OF SHARES, Basic and diluted	2,578,315	2,578,315	2,578,315	2,578,315

See accompanying notes to financial statements.

MICROPAC INDUSTRIES, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	Six months ended	
	5/26/12	5/28/11
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 90	\$ 1,120
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	166	148
Changes in certain current assets and liabilities		
(Increase) decrease in accounts receivable	(519)	933
(Increase) decrease in inventories	(117)	5
Decrease in prepaid expense and other current assets	73	8
Decrease in deferred revenue	(136)	(676)
Increase in accounts payable	32	87
Decrease in accrued compensation	(182)	(241)
Decrease in other accrued liabilities	(84)	(128)
Decrease in income taxes payable	(62)	(64)
Net cash provided by (used in) operating activities	(739)	1,192
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short term investments	(3)	(1,000)
Additions to property, plant and equipment	(84)	(682)
Net cash used in investing activities	(87)	(1,682)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividend	(258)	(258)
Net cash used in financing activities	(258)	(258)
Net change in cash and cash equivalents	(1,084)	(748)
Cash and cash equivalents at beginning of period	8,488	9,085
Cash and cash equivalents at end of period	\$ 7,404	\$ 8,337
Supplemental Cash Flow Disclosure:		
Cash paid for income taxes	\$ 69	\$ 694

See accompanying notes to financial statements.

MICROPAC INDUSTRIES, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

Note 1 BASIS OF PRESENTATION

Business Description

Micropac Industries, Inc. (the "Company"), a Delaware corporation, manufactures and distributes various types of hybrid microelectronic circuits, solid state relays, power operational amplifiers, and optoelectronic components and assemblies. The Company's products are used as components in a broad range of military, space and industrial systems, including aircraft instrumentation and navigation systems, power supplies, electronic controls, computers, medical devices, and high-temperature (200o C) products. The Company's products are either custom (being application specific circuits designed and manufactured to meet the particular requirements of a single customer) or standard, proprietary components such as catalog items.

The Company's facilities are certified and qualified by Defense Logistics Agency (DLA) to MIL-PRF-38534 (class K-space level), MIL-PRF-19500 JANS (space level), and MIL-PRF-28750 (class K-space level) and is certified to ISO 9001-2002. Micropac is a NASA core supplier, and is registered to AS9100-Aerospace Industry standard for supplier certification.

The Company's core technology is the packaging and interconnecting of miniature electronic components, utilizing thick film and thin film substrates, and forming microelectronics circuits. Other technologies include light emitting and light sensitive materials and products, including light emitting diodes and silicon phototransistors used in the Company's optoelectronic components and assemblies.

In the opinion of management, the unaudited financial statements include all adjustments (consisting of only normal, recurring adjustments) necessary to present fairly the financial position as of May 26, 2012, the results of operations for the three months and six months ended May 26, 2012 and May 28, 2011, and the cash flows for the six months ended May 26, 2012 and May 28, 2011. Unaudited financial statements are prepared on a basis substantially consistent with those audited for the year ended November 30, 2011. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations promulgated by the Securities and Exchange Commission. However, management believes that the disclosures contained are adequate to make the information presented not misleading.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenues are recorded as shipments are made based upon contract prices. Any losses anticipated on fixed price contracts are provided for currently. Sales are recorded net of sales returns, allowances and discounts.

The Company recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 605-10-S99, Revenue Recognition (ASC 605-10-S99). ASC 605-10-S99 requires that four basic criteria must be met before revenues can be recognized: (1) persuasive evidence of an arrangement exists; (2) shipment has occurred or services have been rendered; (3) the fee is fixed and determinable; and (4) collectibility is reasonably assured.

Deferred revenue represents prepayments from customers and will be recognized as revenue when the products are shipped per the terms of the contract.

Short-Term Investments

The Company has \$2,003,000 in short term investments at May 26, 2012. Short-term investments consist of certificates of deposit with maturities greater than 90 days. These investments are reported at historical cost, which approximates fair value. All highly liquid investments with maturities of 90 days or less are classified as cash equivalents. All short-term investments are securities which the Company has the ability and intent to hold to maturity and mature within one year.

Inventories

Inventories are stated at lower of cost or market value and include material, labor and manufacturing overhead. All inventories are valued using the FIFO (first-in, first-out) method of inventory valuation. The Company writes down obsolete and overstocked inventory based on the usage of inventory over a three year period and projected usage based on current backlog.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method the Company records deferred income taxes for the temporary differences between the financial reporting basis and the tax basis of assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled. The resulting deferred tax liabilities and assets are adjusted to reflect changes in tax law or rates in the period that includes the enactment date.

Property, Plant, and Equipment

Property, plant, and equipment are carried at cost, and depreciation is provided using the straight-line method at rates based upon the following estimated useful lives (in years) of the assets:

Buildings	15
Facility improvements	8-15
Machinery and equipment	5-10
Furniture and fixtures	5-8

The Company assesses long-lived assets for impairment under ASC 360-10-35, Property, Plant and Equipment – Subsequent Measurement. When events or circumstances indicate that an asset may be impaired, an assessment is performed. The estimated future undiscounted cash flows associated with the asset are compared to the asset's net book value to determine if a write down to market value less cost to sell is required.

Repairs and maintenance are expensed as incurred. Improvements which extend the useful life of property, plant, and equipment are capitalized.

Research and Development Costs

Costs for the design and development of new products are expensed as incurred.

Note 3 FAIR VALUE MEASUREMENT

The Company had no financial assets and liabilities measured at fair value on a recurring basis as of May 26, 2012 and November 30, 2011. The fair value of financial instruments such as cash and cash equivalents, short term

investments, accounts receivable, and accounts payable approximate their carrying amount based on the short maturity of these instruments. There were no nonfinancial assets measured at fair value on a nonrecurring basis at May 26, 2012 and November 30, 2011.

Note 4 RELATED PARTIES

Mr. Eugene Robinson, a director and member of the Company's audit committee, provides advisory services to the Company. Mr. Robinson was paid \$1,800 in advisory services fees in the second quarter of 2012 and 2011.

Note 5 STOCK-BASED COMPENSATION

On March 1, 2001, the Company's shareholders approved the 2001 Employee Stock Option Plan (the "Stock Plan") with 500,000 options available to be granted. No options have been granted to date.

Note 6 COMMITMENTS

On June 1, 2011, the Company renewed a \$6,000,000 revolving line of credit agreement with a Texas banking institution for a term of two years. The interest rate is equal to the prime rate. The line of credit requires that the Company maintain a quick ratio of at least 1:1, maintain a tangible net worth of \$10,000,000 and maintain a total liabilities to tangible net worth of less than 1.25:1. The Company has not, to date, used any of the available line of credit. The Company is currently in compliance with such financial requirements.

Note 7 EARNINGS PER COMMON SHARE

Basic and diluted earnings per share are computed based upon the weighted average number of shares outstanding during the respective periods. Diluted earnings per share give effect to all dilutive potential common shares. For the three and six months ended May 26, 2012 and May 28, 2011, the Company had no dilutive potential common stock.

Note 8 SHAREHOLDERS' EQUITY

On December 16, 2010, the Board of Directors of Micropac Industries, Inc. approved the payment of a special dividend of \$0.10 per share for shareholders of record as of January 18, 2011. The dividend was paid to the shareholders on February 10, 2011.

On December 12, 2011, the Board of Directors of Micropac Industries, Inc. approved the payment of a special dividend of \$0.10 per share for shareholders of record as of January 18, 2012. The dividend was paid to the Company's shareholders on February 14, 2012.

Note 9 SUBSEQUENT EVENTS

Management has evaluated subsequent events after the balance sheet date, through the issuance of the financial statements, for appropriate accounting and disclosure.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business

Micropac Industries, Inc. (the "Company"), a Delaware corporation, manufactures and distributes various types of hybrid microelectronic circuits, solid state relays, power operational amplifiers, and optoelectronic components and assemblies. The Company's products are used as components in a broad range of military, space and industrial systems, including aircraft instrumentation and navigation systems, power supplies, electronic controls, computers, medical devices, and high-temperature (200o C) products. The Company's products are either custom (being application specific circuits designed and manufactured to meet the particular requirements of a single customer) or standard, proprietary components such as catalog items.

The Company's facilities are certified and qualified by Defense Logistics Agency (DLA) to MIL-PRF-38534 (class K-space level), MIL-PRF-19500 JANS (space level), and MIL-PRF-28750 (class K-space level) and is certified to ISO 9001-2002. Micropac is a NASA core supplier, and is registered to AS9100-Aerospace Industry standard for supplier certification.

The Company's core technology is the packaging and interconnect of miniature electronic components, utilizing thick film and thin film substrates, and forming microelectronics circuits. Other technologies include light emitting and light sensitive materials and products, including light emitting diodes and silicon phototransistors used in the Company's optoelectronic components and assemblies.

Results of Operations

	Three months ended		Six months ended		
	5/26/2012	5/28/2011	5/26/2012	5/28/2011	
NET SALES	100.0	% 100.0	% 100.0	% 100.0	%
COST AND EXPENSES:					
Cost of Goods Sold	74.5	% 64.9	% 72.5	% 62.9	%
Research and development	2.0	% 4.5	% 2.6	% 3.5	%
Selling, general & administrative expenses	23.1	% 18.0	% 23.2	% 17.8	%
Total cost and expenses	99.6	% 87.4	% 98.3	% 84.2	%
OPERATING INCOME BEFORE INTEREST AND INCOME TAXES	.4	% 12.6	% 1.7	% 15.8	%
Interest income	.1	% .1	% .1	% .1	%
INCOME BEFORE TAXES	.5	% 12.7	% 1.8	% 15.9	%
Provision for taxes	.2	% 4.6	% .6	% 5.7	%
NET INCOME	.3	% 8.1	% 1.2	% 10.2	%

Sales for the three and six month periods ended May 26, 2012 totaled \$4,098,000 and \$7,812,000, respectively. Sales for the second quarter decreased 24.6% or \$1,339,000 below sales for the same period of 2011, while sales for the first six months of 2012 decreased 29.2% or \$3,215,000 below the first six months of 2011. Sales were 26% in the commercial market, 61% in the military market, and 13% in the space market for the six months ended May 26, 2012 compared to 22% in the commercial market, 42% in the military market, and 36% in the space market for the six months ended May 28, 2011.

The major decrease in sales was in microcircuits space level products with a delay or decrease in new orders in the space industry and a delay in a new order for a custom military optoelectronics product. The Company received an addition to a purchase order for a custom military optoelectronics product and a new order for a standard solid state relay on a military program in May 2012 totaling approximately \$2,600,000. The Company's management expects sales and operating income to increase in the second half of 2012 as compared to the first half of 2012, based on the current backlog and anticipated new orders in the second half of 2012.

Two customers each accounted for 12% of the Company's sales for the three months ended May 26, 2012 and one customer accounted for 12% of the Company's sales for the six months ended May 26, 2012, while one customer accounted for 23% and 11% of the Company's sales for the three and six months ended May 28, 2011, respectively.

Cost of goods sold for the second quarters of 2012 and 2011 totaled 74.5% and 64.9% of net sales, respectively, while cost of goods sold for the six months ended May 26, 2012 and May 28, 2011 totaled 72.5% and 62.9% of net sales, respectively. The increase in cost of goods sold as a percentage of sales is attributable to changes in product mix and underabsorbed overhead cost. In actual dollars, cost of goods sold decreased \$475,000 for the second quarter and decreased \$1,272,000 for the first six months of 2012 as compared to the same periods in 2011.

Research and development expense decreased \$165,000 for the second quarter of 2012 versus 2011 and decreased \$192,000 for the first six months of 2012 compared to the same period of 2011. The research and development expenditures were associated with continued development of power management products. The decrease in research and development expense is a result of engineers supporting customer paid non-recurring engineering for the development of custom products for specific applications and supporting current manufacturing production orders requiring engineering support. In addition, the Company had several engineers leave the Company at the end of 2011 and first quarter of 2012. One engineer was replaced in the second quarter of 2012, while the other replacement has been delayed for several months.

Selling, general and administrative expense for the second quarter and first six months of 2012 totaled 23.1% and 23.2% of net sales, respectively, compared to 18.0% and 17.8% for the same periods in 2011. In actual dollars, selling, general and administrative expense decreased \$31,000 for the second quarter and decreased \$143,000 for the first six months of 2012 compared to the same periods in 2011. The major decrease was associated with a reduction in overall administrative cost with several administrative employees leaving the company for other opportunities and the Company assigning those job duties to other administrative associates. In addition, selling expense decreased with a reduction in commission expenses with the lower sales.

Accounts receivable, net, totaled \$2,430,000 as of May 26, 2012 and represents an increase of \$519,000 since November 30, 2011, due to slower collections with days sales of 53 compared to 40 days at November 30, 2011. The Company expects to collect all accounts receivable due.

Provisions for taxes decreased \$579,000 for the first six months of 2012 compared to the same period in 2011. The estimated effective tax rate was 36% for both periods.

Liquidity and Capital Resources

Cash and cash equivalents totaled \$7,404,000 as of May 26, 2012 compared to \$8,488,000 on November 30, 2011, a decrease of \$1,084,000. The decrease in cash and cash equivalents is primarily attributable to \$739,000 cash used from operations, the payment of a cash dividend of \$258,000, and the investment of \$84,000 in equipment.

On June 1, 2011, the Company renewed a \$6,000,000 revolving line of credit agreement with a Texas banking institution for a term of two years. The interest rate is equal to the prime rate. The line of credit requires that the Company maintain a quick ratio of at least 1:1, maintain a tangible net worth of \$10,000,000 and maintain a total liabilities to tangible net worth of less than 1.25:1. The Company has not, to date, used any of the available line of credit. The Company is currently in compliance with such financial requirements, but there is no guarantee that the Company will remain in compliance. If the Company does not maintain compliance with each of the requirements, its ability to receive advances from the line of credit will be impaired.

The Company expects to continue to generate adequate amounts of cash to meet its liquidity needs from the sale of products and services and the collection thereof for at least the next twelve months.

Outlook

New orders for the second quarter and year-to-date 2012 totaled \$6,934,000 and \$11,109,000, respectively, compared to \$3,662,000 and \$7,852,000 for the comparable periods of 2011. The fluctuation resulted from an increase in new orders for solid state relays and a custom optoelectronic product to the military. Management anticipates a continued upside in new orders for the remainder of 2012.

Backlog totaled \$9,606,000 on May 26, 2012 compared to \$8,024,000 as of May 28, 2011 and \$6,231,000 on November 30, 2011. The majority of the backlog is expected to be shipped in the next twelve (12) months and represents a good mix of the company's products and technologies with 14% in the commercial market, 71% in the military market, and 15% in the space market compared to 26% in the commercial market, 48% in the military market, and 26% in the space market at May 28, 2011. The majority of the increase in the backlog is in solid state relays and a custom optoelectronic product ordered by the military.

The Company's management expects sales and operating income to increase in the second half of 2012 as compared to the first half of 2012, based on the current backlog and anticipated new orders in the second half of 2012.

The Company cannot assure that the results of operations for the interim period presented are indicative of total results for the entire year due to fluctuations in customer delivery schedules, or other factors over which the Company has no control.

Cautionary Statement

This Form 10-Q contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially. Investors are warned that forward-looking statements involve risks and unknown factors including, but not limited to, customer cancellation or rescheduling of orders, problems affecting delivery of vendor-supplied raw materials and components, unanticipated manufacturing problems and availability of direct labor resources.

The Company produces silicon phototransistors and light emitting diode die for use in certain military, standard and custom products. Fabrication efforts sometimes may not result in successful results, limiting the availability of these components. Competitors offer commercial level alternatives and our customers may purchase our competitors' products if the Company is not able to manufacture the products using these technologies to meet the customer demands.

The Company disclaims any responsibility to update the forward-looking statements contained herein, except as may be required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

The Chief Executive Officer and Chief Financial Officer of the Company evaluated the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e)) as of May 26, 2012 and, based on this evaluation, concluded that the Company's disclosure controls and procedures are functioning in an effective manner to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

(b) Changes in internal controls.

There has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the three month period ended May 26, 2012.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not involved in any material current or pending legal proceedings.

ITEM 1A RISK FACTORS

Information about risk factors for the three months ended May 26, 2012 does not differ materially from that set forth in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended November 30, 2011.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

(a) Exhibits

- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002.
- 32.2 Certification of Chief Accounting Officer pursuant to 18 U. S. C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002.
- 101 Interactive data files pursuant to Rule 405 of Regulation S-T.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

MICROPAC INDUSTRIES, INC.

July 16, 2012
Date

/s/ Mark King
Mark King
Chief Executive Officer

July 16, 2012
Date

/s/ Patrick Cefalu
Patrick Cefalu
Chief Financial Officer

