

TRANSACT TECHNOLOGIES INC
Form 10-Q
August 07, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: June 30, 2015
or

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

For the transition period from _____ to _____.

Commission file number: 0-21121

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

06-1456680
(I.R.S. Employer Identification No.)

One Hamden Center, 2319 Whitney Avenue, Suite
3B, Hamden, CT
(Address of Principal Executive Offices)

06518
(Zip Code)

(203) 859-6800
(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since 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

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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 the 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 (Do not check if a smaller reporting company) 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

As of July 31, 2015, the number of shares outstanding of the Company’s common stock, \$0.01 par value, was 7,747,692.

TRANSACT TECHNOLOGIES INCORPORATED

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

TRANSACT TECHNOLOGIES INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 2015	December 31, 2014
	(In thousands, except share data)	
Assets:		
Current assets:		
Cash and cash equivalents	\$2,293	\$3,131
Accounts receivable, net	11,076	9,094
Inventories	10,967	11,806
Prepaid income taxes	637	409
Deferred tax assets	1,806	3,068
Other current assets	514	489
Total current assets	27,293	27,997
Fixed assets, net	2,368	2,438
Goodwill	2,621	2,621
Deferred tax assets	1,066	1,068
Intangible assets, net of accumulated amortization of \$2,584 and \$2,326, respectively	1,083	1,341
Other assets	23	26
	7,161	7,494
Total assets	\$34,454	\$35,491
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$6,235	\$2,365
Accrued liabilities	2,400	3,320
Income taxes payable	31	13
Accrued lawsuit settlement expenses	-	3,625
Deferred revenue	279	313
Total current liabilities	8,945	9,636
Deferred revenue, net of current portion	70	64
Deferred rent, net of current portion	133	172
Other liabilities	249	225
	452	461
Total liabilities	9,397	10,097
Shareholders' equity:		
Common stock, \$0.01 par value, 20,000,000 shares authorized; 11,136,281 and 11,122,293 shares issued, respectively; 7,747,692 and 7,900,257 shares outstanding, respectively	111	111

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Additional paid-in capital	28,557	28,167
Retained earnings	22,638	22,349
Accumulated other comprehensive loss, net of tax	(68)	(72)
Treasury stock, at cost, 3,388,589 and 3,222,036 shares	(26,181)	(25,161)
Total shareholders' equity	25,057	25,394
Total liabilities and shareholders' equity	\$34,454	\$35,491

See notes to Condensed Consolidated Financial Statements.

TRANSACT TECHNOLOGIES INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
(In thousands, except per share data)				
Net sales	\$17,224	\$13,804	\$33,388	\$27,423
Cost of sales	10,063	8,016	19,735	15,909
Gross profit	7,161	5,788	13,653	11,514
Operating expenses:				
Engineering, design and product development	860	1,151	1,728	2,381
Selling and marketing	2,100	2,257	3,923	4,222
General and administrative	2,002	2,000	3,842	3,888
Legal fees associated with lawsuit (Note 7)	(6)	35	1,738	47
	4,956	5,443	11,231	10,538
Operating income	2,205	345	2,422	976
Interest and other income (expense):				
Interest, net	(10)	(12)	(16)	(26)
Other, net	(26)	(12)	(12)	(20)
	(36)	(24)	(28)	(46)
Income before income taxes	2,169	321	2,394	930
Income tax provision	781	146	862	361
Net income	\$1,388	\$175	\$1,532	\$569
Net income per common share:				
Basic	\$0.18	\$0.02	\$0.20	\$0.07
Diluted	\$0.18	\$0.02	\$0.20	\$0.07
Shares used in per-share calculation:				
Basic	7,798	8,376	7,827	8,374
Diluted	7,819	8,520	7,847	8,538
Dividends declared and paid per common share:	\$0.08	\$0.08	\$0.16	\$0.15

See notes to Condensed Consolidated Financial Statements.

TRANSACT TECHNOLOGIES INCORPORATED
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In thousands)			
Net income	\$1,388	\$175	\$1,532	\$569
Foreign currency translation adjustment, net of tax	13	4	4	5
Comprehensive income	\$1,401	\$179	\$1,536	\$574

See notes to Condensed Consolidated Financial Statements.

TRANSACT TECHNOLOGIES INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30,	
	2015	2014
	(In thousands)	
Cash flows from operating activities:		
Net income	\$1,532	\$569
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	269	309
Depreciation and amortization	734	727
Deferred income tax provision	1,261	22
Foreign currency transaction losses	11	17
Changes in operating assets and liabilities:		
Accounts receivable	(1,982)	1,432
Inventories	840	(499)
Prepaid income taxes	(228)	314
Other current and long term assets	(21)	(41)
Accounts payable	3,869	658
Accrued liabilities and other liabilities	(4,448)	340
Net cash provided by operating activities	1,837	3,848
Cash flows from investing activities:		
Capital expenditures	(407)	(440)
Net cash used in investing activities	(407)	(440)
Cash flows from financing activities:		
Revolving credit line borrowings	2,500	-
Revolving credit line payments	(2,500)	-
Payment of dividends on common stock	(1,243)	(1,248)
Purchases of common stock for treasury	(1,020)	-
Net cash used in financing activities	(2,263)	(1,248)
Effect of exchange rate changes on cash and cash equivalents	(5)	(8)
(Decrease) increase in cash and cash equivalents	(838)	2,152
Cash and cash equivalents, beginning of period	3,131	2,936
Cash and cash equivalents, end of period	\$2,293	\$5,088

See notes to Condensed Consolidated Financial Statements.

TRANSACT TECHNOLOGIES INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

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