

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): July 26, 2004

TRANSACT TECHNOLOGIES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation)

0-21121

(Commission file number)

06-1456680  
(I.R.S. employer  
identification no.)

7 Laser Lane, Wallingford, CT  
(Address of principal executive offices)

06492  
(Zip Code)

Registrant's telephone number, including area code:

(203) 269-1198

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(c) Exhibits

Exhibit Description  
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99.1 Press Release dated July 26, 2004 of TransAct Technologies Incorporated

Item 12. Results of Operations and Financial Condition.

The following information is being furnished pursuant to Item 12 "Results of Operations and Financial Condition" of Form 8-K. Such information, including the Exhibit attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On July 26, 2004, TransAct Technologies Incorporated issued a press release announcing its financial results for the quarter ended June 30, 2004. A copy of the press release is furnished as Exhibit 99.1 to this report.

SIGNATURE

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 hereunto duly authorized.

TRANSACT TECHNOLOGIES INCORPORATED

By: /s/ Steven A. DeMartino

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Steven A. DeMartino  
Executive Vice President and  
Chief Financial Officer

Date: July 26, 2004

EXHIBIT LIST

The following exhibit is filed herewith.

Exhibit -----	Description -----
99.1	Press Release dated July 26, 2004 issued by TransAct Technologies Incorporated.

(TRANSACT LOGO)

TRANSACT TECHNOLOGIES REPORTS  
SECOND QUARTER 2004 RESULTS

RAISES FULL YEAR EPS GUIDANCE

- Second quarter 2004 net revenue increased to \$14.7 million, 10% year-over-year growth
- Gross margin improved to 38% in the second quarter of 2004 versus 31% in the second quarter of 2003
- Operating margin increased to 16% in the second quarter of 2004 versus 10% in second quarter of 2003
- EPS increases 100% year over year to \$0.14 per diluted share versus guidance of \$0.11 to \$0.13 per diluted share
- Raises full year EPS guidance to \$0.53 to \$0.55 per diluted share

Wallingford, CT, July 26, 2004 - TransAct Technologies Incorporated (Nasdaq: TACT), a leading producer of transaction-based printers for customers worldwide, today announced financial results for the second quarter ended June 30, 2004.

Net revenue for the second quarter ended June 30, 2004 increased 10% to \$14.7 million, from \$13.4 million in the same period a year ago. The growth was led by the POS and banking market with revenue in this market increasing 30% in the second quarter of 2004 over the second quarter of 2003. The continued rollout of TransAct's BANKjet(R)1500 inkjet printers at financial institutions helped drive sales in the POS and banking market. Sales grew in the gaming portion of the Company's gaming and lottery market led by a 27% increase in casino printer sales related to the continued adoption of ticket-in/ticket-out (TITO) printers. The Company also benefited from increased sales in its services, spare parts and consumables business compared to the year ago period.

Net income in the second quarter of 2004 increased 86% to \$1.5 million or \$0.14 per diluted share, compared to \$787,000 or \$0.07 per diluted share, in the second quarter of 2003. The per share data in both the second quarter of 2004 and 2003 has been adjusted to reflect the three-for-two stock split of the Company's common stock distributed in April 2004.

Revenues for the six months ended June 30, 2004 increased 33% to \$29.8 million, compared to \$22.4 million in the same period a year ago. The Company achieved net income for the first half of 2004 of \$2.8 million compared to net income of \$589,000 in the comparable year ago period. Earnings per share for the first half of 2004 were \$0.27 per diluted share compared to \$0.04 per diluted share a year ago. The per share data in both periods reflect the three-for-two stock split of the Company's common stock distributed in April 2004. The per share amounts for both the second quarter and the six months ended June 30, 2003 have been revised from previously reported per share amounts as a result of the application of new accounting guidance requiring the allocation of net income to both

common and participating preferred stock for purposes of computing earnings per common share.

Bart C. Shuldman, Chairman, President and Chief Executive Officer of TransAct Technologies, said, "We really feel great about the momentum in our business as evidenced by the 100% year-over-year growth we achieved in earnings per share. In fact, our results would have actually been even stronger if not for a shift in the timing of orders from GTECH from the second quarter to the fourth quarter of 2004 and into the first quarter of 2005. Sales of our casino printers continue to increase led by demand related to the ongoing rollout of ticket-in/ticket out printers at casinos worldwide. Sales in our point of sale and banking market also remain strong, bolstered by demand from financial institutions for our BANKjet(R) printer and increased interest in our new KITCHENjet(R) 1000 inkjet printer and our new iTherm(R) 280 thermal printer."

Steven A. DeMartino, Executive Vice President and Chief Financial Officer of TransAct Technologies, commented, "We continue to focus on further improvement of our operating metrics as we leverage our operating costs and improve efficiencies throughout our organization. Our efforts, as well as favorable product mix, resulted in gross margin expanding to 38% in the second quarter of 2004 from 31% in the year ago period and 36% in the first quarter of 2004. Importantly, our operating margin increased to 16% in the second quarter of 2004 from 10% in the year ago period and 14% in the first quarter of 2004. We further strengthened our balance sheet, with our cash position increasing to over \$5 million at the end of the second quarter. Finally, we added approximately \$3.9 million to shareholders' equity as a result of the conversion of our preferred stock into common stock. The conversion will result in a cash savings of approximately \$300,000 a year, as we are no longer required to make dividend payments that were associated with the preferred shares."

#### LOOKING FORWARD

Shuldman commented, "We are pleased to report to our shareholders that we are raising our earnings per share guidance for the full year 2004. We now expect to achieve earnings per diluted share of approximately \$0.53 to \$0.55, up from our previous guidance of \$0.49 to \$0.52 per diluted share, on revenues of approximately \$62 million to \$64 million. This compares to earnings of \$0.13 per diluted share on a post stock-split basis, and revenues of \$52.1 million for the full year 2003. For the third quarter of 2004, we expect earnings per diluted share of approximately \$0.12 to \$0.13 on revenues of approximately \$15 million. We now expect our fourth quarter to be our strongest quarter, as GTECH shifted a significant portion of its forecast for thermal lottery printers from the second and third quarters of 2004 into the fourth quarter. While we are increasing our guidance for the year, our projections for both the third and fourth quarters of 2004 include additional costs relating to our implementation of Section 404 of Sarbanes Oxley and our decision to apply for relisting on the Nasdaq National Market from the Nasdaq SmallCap Market."

#### INVESTOR CONFERENCE CALL / WEBCAST DETAILS

TransAct will review detailed second quarter 2004 results and forward guidance on Monday, July 26 at 5PM EDT. The conference call-in number is 973-582-2706. A replay will be available from 8PM EDT on July 26 through 12AM EDT, August 2. The replay number is 973-341-3080. The confirmation number is 4964950. Investors can access the conference call via a live webcast on the Company's website at [www.transact-tech.com](http://www.transact-tech.com). A replay of the call will be archived on that website for one week.

#### ABOUT TRANSACT TECHNOLOGIES INCORPORATED

TransAct (Nasdaq: TACT) designs, develops, manufactures and markets transaction-based printers under the ITHACA(R) and MAGNETEC(R) names. In addition, the Company markets related consumables, spare parts and service. The Company's printers are used worldwide to provide receipts, tickets, coupons, register journals and other documents. TransAct focuses on two core markets: point-of-sale (POS) and gaming and lottery. TransAct sells its products to original equipment manufacturers, value-added resellers and selected distributors, as well as

directly to end-users. The Company's product distribution spans across the Americas, Europe, the Middle East, Africa, the Caribbean Islands and the South Pacific. For further information, visit TransAct's web site located at [www.transact-tech.com](http://www.transact-tech.com).

CONTACTS:

Steve DeMartino, Chief Financial Officer, 203-269-1198 Ext. 6059  
or David Pasquale, 646-536-7006, or Moon Lee, 646-536-7001, both with The Ruth Group

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FORWARD-LOOKING STATEMENTS:

The Company's forward-looking statements in this press release are subject to a number of risks and uncertainties. Risks and uncertainties include, but are not limited to, customer acceptance and market share gains, both domestically and internationally, in the face of substantial competition from competitors that have broader lines of products and greater financial resources; introduction of new products into the marketplace by competitors; successful product development; dependence on significant customers; dependence on third parties for sales outside the United States, including Australia and New Zealand; economic and political conditions in the United States, Australia, New Zealand, Europe and Latin America; marketplace acceptance of new products; risks associated with foreign operations; availability of third-party components at reasonable prices; and the absence of price wars or other significant pricing pressures affecting the Company's products in the United States or abroad. Actual results may differ materially from those discussed in, or implied by, the forward-looking statements. The forward-looking statements speak only as of the date of this release and the Company assumes no duty to update them to reflect new, changing or unanticipated events or circumstances.

- TABLES FOLLOW -

TRANSACTION TECHNOLOGIES INCORPORATED  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

(In thousands, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2004	2003	2004	2003
Net sales	\$ 14,694	\$ 13,378	\$ 29,769	\$ 22,390
Cost of sales	9,077	9,166	18,734	15,737
Gross profit	5,617	4,212	11,035	6,653
Operating expenses:				
Engineering, design and product Development	548	545	1,162	1,107
Selling and marketing	1,218	1,264	2,580	2,308
General and administrative	1,563	1,119	2,895	2,218
	3,329	2,928	6,637	5,633
Operating income	2,288	1,284	4,398	1,020
Other income (expense):				
Interest, net	(2)	(76)	(12)	(122)
Other, net	2	(26)	(1)	(26)
	0	(102)	(13)	(148)
Income before income taxes	2,288	1,182	4,385	872
Income tax provision	823	395	1,578	283
Net income	\$ 1,465	\$ 787	2,807	589
<b>BASIC EARNINGS PER SHARE</b>				
Net income	\$ 1,465	\$ 787	\$ 2,807	\$ 589
Income available to common shareholders	1,421	641	2,578	367
Shares used in per share calculation	9,620	8,606	9,292	8,559
Basic earnings per share	\$ 0.15	\$ 0.07	\$ 0.28	\$ 0.04
<b>DILUTED EARNINGS PER SHARE</b>				
Net income	\$ 1,465	\$ 787	\$ 2,807	\$ 589
Income available to common shareholders	1,465	641	2,807	367
Shares used in per share calculation	10,597	9,070	10,541	8,845
Diluted earnings per share	\$ 0.14	\$ 0.07 a	\$ 0.27	\$ 0.04 a

a Adjusted for adoption of EITF 03-06 "Participating Securities and the Two-Class Method under FASB Statement No. 128, Earnings Per Share", which requires the two-class method of computing earnings per share. The two-class method is an earnings allocation formula that determines earnings per share for common stock and participating securities based upon an allocation of earnings as if all of the earnings for the period had been distributed in accordance with participation rights on undistributed earnings. Since the Company's preferred stock was converted to common stock in April 2004, there is no impact on 2004 earnings per share.

SUPPLEMENTAL INFORMATION - SALES BY MARKET:

Three months ended June 30,	Six months ended June 30,
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	2004	2003	2004	2003
	-----	-----	-----	-----
Point of sale and banking	\$ 6,275	\$ 4,808	\$13,160	\$ 9,139
Gaming and lottery	8,419	8,570	16,609	13,251
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Total net sales	\$14,694	\$13,378	\$29,769	\$22,390
	=====	=====	=====	=====

TRANSACT TECHNOLOGIES INCORPORATED  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

(In thousands)	JUNE 30, 2004	December 31, 2003
	-----	-----
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 5,011	\$ 498
Receivables, net	8,395	9,074
Inventories	8,682	8,061
Deferred tax assets	2,340	2,340
Other current assets	249	509
	-----	-----
Total current assets	24,677	20,482
	-----	-----
Fixed assets, net	3,245	3,607
Goodwill, net	1,469	1,469
Deferred tax assets	684	684
Other assets	105	119
	-----	-----
	5,503	5,879
	-----	-----
Total assets	\$ 30,180	\$ 26,361
	=====	=====
<b>LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND  SHAREHOLDERS' EQUITY:</b>		
Current liabilities:		
Current portion of term loan	\$ --	\$ 90
Accounts payable	3,370	3,288
Accrued liabilities	3,100	2,892
Accrued restructuring expenses	480	480
Accrued patent license fees	442	408
Deferred revenue	1,617	1,537
	-----	-----
Total current liabilities	9,009	8,695
	-----	-----
Long-term portion of term loan	--	330
Long-term portion of accrued restructuring	1,424	1,645
Long-term portion of accrued patent license fees	--	750
Accrued product warranty	145	169
Deferred revenue	544	523
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	2,113	3,417
	-----	-----
Total liabilities	11,122	12,112
	-----	-----
Redeemable convertible preferred stock	--	3,902
	-----	-----
Shareholders' equity:		
Common stock	68	60
Additional paid-in capital	15,547	8,441
Retained earnings	4,461	1,769
Unamortized restricted stock compensation	(1,129)	(30)
Accumulated other comprehensive income	111	107
	-----	-----
Total shareholders' equity	19,058	10,347
	-----	-----
	\$ 30,180	\$ 26,361
	=====	=====