

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): MARCH 7, 2006

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240-14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

The following information is being furnished pursuant to Item 2.02 "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 March 7, 2006, TransAct Technologies Incorporated issued a press release announcing its financial results for the quarter ended December 31, 2005. A copy of the press release is furnished as Exhibit 99.1 to this report.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits:

Exhibit Description

99.1 Press Release dated March 7, 2006 of TransAct Technologies Incorporated

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

Steven A. DeMartino
Executive Vice President, Chief Financial Officer,
Treasurer and Secretary

Date: March 7, 2006

EXHIBIT LIST

The following exhibit is filed herewith.

Exhibit	Description
99.1	Press Release dated March 7, 2006 issued by TransAct Technologies Incorporated.

TRANSACT TECHNOLOGIES REPORTS
FOURTH QUARTER AND FULL YEAR 2005 RESULTS

- Sees Significant Revenue and EPS Improvement in 2006 -

Wallingford, CT, March 7, 2006 - TransAct Technologies Incorporated (Nasdaq: TACT), a leading producer of transaction-based printers for customers worldwide, today announced financial results for the fourth quarter and full year ended December 31, 2005.

Revenues for the full year 2005 were \$51.1 million, compared to \$59.8 million in 2004. The Company achieved net income in accordance with generally accepted accounting principles in the United States ("GAAP") for the full year 2005 of \$0.4 million, compared to GAAP net income of \$5.5 million in 2004. Earnings per share for the full year 2005 were \$0.04 per diluted share compared to \$0.51 per diluted share in 2004.

Revenues for the fourth quarter of 2005 were \$12.5 million, compared to \$14.6 million in the same period a year ago. GAAP net loss for the fourth quarter of 2005 was \$(0.7) million compared to GAAP net income of \$1.0 million in the same period of 2004. GAAP net loss per share for the fourth quarter of 2005 was \$(0.08) per diluted share compared to GAAP earnings per share of \$0.10 per diluted share in the same period a year ago. During the fourth quarter of 2005, the Company incurred a charge of approximately \$600,000 related primarily to the write-down of inventory for its M850 thermal ticket casino printer, as its Epic 950(TM) thermal ticket casino printer, which was launched in late 2004, has gained customer and market acceptance faster than expected. During the fourth quarter 2005, the Company also incurred approximately \$106,000 in severance charges related to the implementation of its new business unit structure. Excluding these charges, pro forma net loss for the fourth quarter of 2005 was \$(0.3) million or \$(0.03) per diluted share.

Bart C. Shuldman, Chairman, President and Chief Executive Officer of TransAct Technologies, said "2005 was a difficult year for TransAct, especially in our gaming and lottery business. However, by staying focused on our strategic growth initiatives, we believe that we have put TransAct on track for a return to improved growth and profitability in 2006. In addition to launching seven promising new products, most of which target new market opportunities for the Company, we also established three Strategic Business Units (SBU), doubled the size of our sales force, drove growth internationally across all of our business units, opened our Las Vegas sales and service facility, and finalized a comprehensive sales alliance agreement with JCM American Corporation, giving TransAct a sizeable sales and marketing position in the casino market."

Mr. Shuldman continued, "TransAct ended 2005 with \$4.6 million in cash and cash equivalents and no debt, while continuing with our stock repurchase program during the fourth quarter. To date, under the Company's stock repurchase program authorized by our Board of Directors in March 2005, the Company has repurchased 505,000 shares for a total purchase price of \$3.9 million, including an additional 96,100 shares purchased in the fourth quarter for \$0.7 million at an average price of \$7.62."

LOOKING FORWARD

Mr. Shuldman concluded, "The investments we made in the business last year are already paying off in the first quarter of 2006. Based on current forecasts, we believe this business momentum will continue throughout 2006, resulting in revenue growth. Importantly, we expect even stronger net income growth as we benefit from the operating leverage we created in the business. We do not expect significant increases to operating expenses in 2006 and expect our gross margins to improve.

We are projecting double-digit revenue growth in each SBU in 2006, helped by the increase in sales people we added last year and our new relationship with JCM American in the casino market. We also expect that the new products we introduced in 2005 will give us an advantage in the marketplace and present new opportunities for growth starting this year. These include our Epic 430 and Epic 630 for the new off-premise global gaming market. We have already secured our first opportunity and have received positive feedback from other potential customers. And we are also excited about our Ithaca(R) 8000 high-speed thermal printer for linerless label printing and our new line of Ithaca(R) branded POS printers sold exclusively to our POS distribution partners around the world."

FORWARD GUIDANCE

Based on its current outlook, the Company expects revenues for the full year 2006 will be in the range of \$63 million to \$65 million, with net income in the range of \$0.38 to \$0.40 per share. The Company expects revenues for the first quarter ending March 31, 2006 will be approximately \$15 million with net income of approximately \$0.07 per diluted share.

INVESTOR CONFERENCE CALL / WEBCAST DETAILS

TransAct will review detailed full year and fourth quarter 2005 results and forward looking guidance during a conference call today at 5:00PM EDT. The conference call-in number is 201-689-8471. A replay of the call will be available from 8:00PM ET on Tuesday, March 7 through midnight ET on Tuesday, March 14 by telephone at 201-612-7415. The account number to access the replay is 3055 and the password is 189388. Investors can also access the conference call via a live webcast on the Company's website at www.transact-tech.com. A replay of the call will be archived on that website for one week.

ABOUT TRANSACT TECHNOLOGIES INCORPORATED

TransAct Technologies (Nasdaq: TACT) designs, develops, assembles, markets and services world-class transaction printers under the Epic and Ithaca(R) brand names. Known and respected worldwide for innovative designs and real-world service reliability, TransAct's impact, thermal and inkjet printers generate top-quality receipts, tickets, coupons, register journals and other documents. The company focuses on two core markets: point-of-sale (POS) and banking, 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. In addition, TransAct has a strong focus on the after-market side of the business, with a growing commitment to printer service, supplies and spare parts. For further information, visit TransAct's web site located at www.transact-tech.com.

CONTACTS:

Steven DeMartino, Chief Financial Officer, 203-269-1198 Ext. 6059 or David Pasquale, 646-536-7006, or Denise Roche, 646-536-7008, both with The Ruth Group

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FORWARD-LOOKING STATEMENTS:

Certain statements in this press release include forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "project" or "continue" or the negative thereof or other similar words. All forward-looking statements involve risks and uncertainties, including, 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 significant vendors; the ability to recruit and retain quality employees as the Company grows; dependence on third parties for sales outside the United States, including Australia, New Zealand, Europe and Latin America; 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; price wars or other significant pricing pressures affecting the Company's products in the United States or abroad; and the outcome of lawsuits between TransAct and FutureLogic, Inc. 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.

TRANSACT TECHNOLOGIES INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share amounts)	Three months ended December 31, 2005			Three months ended December 31, 2004		
	GAAP Basis	Adjust- ments	Pro Forma Basis	GAAP Basis	Adjust- ments	Pro Forma Basis
Net sales	\$ 12,499	\$ -	\$ 12,499	\$ 14,596	\$ -	\$ 14,596
Cost of sales	9,416	(600) a (30) b	8,786	9,486	-	9,486
Gross profit	3,083	630	3,713	5,110	-	5,110
Operating expenses:						
Engineering, design and product development costs	619		619	910	(350) c	560
Selling and marketing expenses	1,796	(68) b	1,728	1,277	(70) d	1,207
General and administrative expenses	1,743	(8) b	1,735	1,567	-	1,567
Business consolidation and restructuring expenses	-		-	(225)	225 e	-
	4,158	(76)	4,082	3,529	(195)	3,334
Operating income (loss)	(1,075)	706	(369)	1,581	195	1,776
Other income (expense):						
Interest, net	14	-	14	12	-	12
Other, net	10	-	10	(21)	-	(21)
	24	-	24	(9)	-	(9)
Income (loss) before income taxes	(1,051)	706	(345)	1,572	195	1,767
Income tax provision (benefit)	(324)	251 f	(73)	546	69 f	615
Net income (loss)	\$ (727)	\$ 455	\$ (272)	\$ 1,026	\$ 126	\$ 1,152
Net income (loss) available to common shareholders	\$ (727)		\$ (272)	\$ 1,026		\$ 1,152
Net income (loss) per share:						
Basic	\$ (0.08)		\$ (0.03)	\$ 0.10		\$ 0.12
Diluted	\$ (0.08)		\$ (0.03)	\$ 0.10		\$ 0.11
Shares used in per share calculation:						
Basic	9,603		9,603	9,921		9,921
Diluted	9,603		9,603	10,486		10,486

a Charge related primarily to the write-down of excess inventory and purchase order cancellation charges for TransAct's M850 casino printer.

b Severance charges related to employee terminations during the fourth quarter of 2005.

c Engineering costs associated with the integration of TransAct's Epic 950(TM) casino printer by IGT.

d. Charge related to the move of the Company's marketing and services departments.

e Decrease in restructuring accrual due to a revised estimate of the remaining lease costs for the Company's Wallingford, CT facility.

f The tax effect on the adjustments was calculated using a tax rate of 35.5% for the 2005 and 2004 periods presented.

TRANSACT TECHNOLOGIES INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share amounts)	Year ended December 31, 2005			Year ended December 31, 2004		
	GAAP Basis	Adjust- Ments	Pro Forma Basis	GAAP Basis	Adjust- ments	Pro Forma Basis
Net sales	\$ 51,091	\$ -	\$ 51,091	\$ 59,847	\$ -	\$ 59,847
Cost of sales	35,501	(600) a (30) b	34,871	37,805	-	37,805
Gross profit	15,590	630	16,220	22,042	-	22,042
Operating expenses:						
Engineering, design and product development	2,726		2,726	2,715	(350) c	2,365
Selling and marketing	6,319	(68) b	6,251	5,111	(70) d	5,041
General and administrative	6,321	(8) b	6,313	5,990	-	5,990
Business consolidation and restructuring	-	-	-	(225)	225 e	-
	15,366	(76)	15,290	13,591	(195)	13,396
Operating income	224	706	930	8,451	195	8,646
Other income (expense):						
Interest, net	73	-	73	4	-	4
Other, net	32	-	32	(18)	-	(18)
	105	-	105	(14)	-	(14)
Income before income taxes	329	706	1,035	8,437	195	8,632
Income tax provision (benefit)	(48)	251 f	203	2,979	69 f	3,048
Net income	\$ 377	\$ 455	\$ 832	\$ 5,458	\$ 126	\$ 5,584
Net income available to common shareholders	\$ 377		\$ 832	\$ 5,236		\$ 5,360
Net income per share:						
Basic	\$ 0.04		\$ 0.08	\$ 0.55		\$ 0.56
Diluted	\$ 0.04		\$ 0.08	\$ 0.51		\$ 0.52
Shares used in per share calculation:						
Basic	9,849		9,849	9,593		9,593
Diluted	10,163		10,163	10,231		10,231

See footnote explanations on the previous page.

SUPPLEMENTAL INFORMATION - SALES BY BUSINESS UNIT:

	Three months ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
Point of sale and banking	\$ 3,757	\$ 4,062	\$16,410	\$17,659
Gaming and lottery	6,303	7,831	23,634	31,937
TransAct Services Group	2,439	2,703	11,047	10,251
Total net sales	\$12,499	\$14,596	\$51,091	\$59,847

TRANSACT TECHNOLOGIES INCORPORATED
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands)	DECEMBER 31, 2005 -----	December 31, 2004 -----
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 4,579	\$ 8,628
Receivables, net	8,359	8,910
Inventories	6,036	8,074
Refundable income taxes	295	510
Deferred tax assets	2,735	2,370
Other current assets	258	586
	-----	-----
Total current assets	22,262	29,078
	-----	-----
Fixed assets, net	4,510	3,177
Goodwill, net	1,469	1,469
Deferred tax assets	557	274
Other assets	534	101
	-----	-----
	7,070	5,021
	-----	-----
Total assets	\$ 29,332	\$ 34,099
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	2,859	3,804
Accrued liabilities	3,162	3,209
Accrued restructuring expenses	420	420
Accrued patent license fees	36	417
Deferred revenue, current portion	410	717
	-----	-----
Total current liabilities	6,887	8,567
	-----	-----
Long-term portion of accrued restructuring	587	1,034
Accrued product warranty	145	153
Deferred revenue	270	444
Other liabilities	186	186
	-----	-----
	1,188	1,817
	-----	-----
Total liabilities	8,075	10,384
	-----	-----
Commitments and contingencies		
Shareholders' equity:		
Common stock	102	100
Additional paid-in capital	19,334	17,401
Retained earnings	7,489	7,112
Unamortized restricted stock compensation	(1,837)	(1,067)
Treasury stock, at cost	(3,867)	--
Accumulated other comprehensive income	36	169
	-----	-----
Total shareholders' equity	21,257	23,715
	-----	-----
Total liabilities and shareholders' equity	\$ 29,332	\$ 34,099
	=====	=====