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PAR TECHNOLOGY CORP
Form 8-K
February 12, 2010

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): February 12, 2010

PAR TECHNOLOGY CORPORATION

(Exact name of registrant as specified in its charter)

| | | |
|--|---|---|
| Delaware ----- (State or other jurisdiction of organization) | 1-09720 ----- (Commission File Number) | 16-1434688 ----- (I.R.S. Employer incorporation or Identification Number) |
|--|---|---|

| | |
|--|-----------------------------------|
| PAR Technology Park 8383 Seneca Turnpike New Hartford, NY ----- (Address of principal executive offices) | 13413-4991 ----- (Zip Code) |
|--|-----------------------------------|

Registrant's telephone number, including area code: (315) 738-0600

Not Applicable

(Former Name or Former Address, if changed since Last Report)

Item 2.02 Results of Operations and Financial Condition.

- (a) The information, including Exhibits attached hereto, in this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing.
- (b) On February 12, 2010, PAR Technology Corporation issued a press release

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announcing its results of operation for the quarterly period ending December 31, 2009. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

99.1 Press Release dated February 12, 2010.

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 thereunto duly authorized.

PAR TECHNOLOGY CORPORATION

(Registrant)

Date: February 12, 2010

/s/Ronald J. Casciano

Ronald J. Casciano
Vice President, Chief Financial Officer,
Treasurer and Chief Accounting Officer

EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|--|
| ----- | ----- |
| 99.1 | Press Release dated February 12, 2010. |

Exhibit 99.1 Press Release dated February 12, 2010.

RELEASE: NEW HARTFORD, NY, February 12, 2010
CONTACT: Christopher R. Byrnes (315) 738-0600 ext. 226

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cbyrnes@partech.com, www.partech.com

PAR TECHNOLOGY CORPORATION ANNOUNCES

2009 FOURTH QUARTER & YEAR END RESULTS

- o Company discloses several non-recurring charges associated with personnel actions, inventory of certain discontinued product lines and deferred tax assets

NEW HARTFORD, NY, PAR TECHNOLOGY CORPORATION (NYSE:PTC)

New Hartford, NY- February 12, 2010 -- PAR Technology Corporation (NYSE: PTC), a provider of integrated hardware, software and service solutions to the restaurant, hotel/resort, and hospitality industries along with information technology services to the United States Government, today reported fourth quarter and year end 2009 financial results.

This press release provides financial information for net income per share that exclude the following one-time charges: (1) non-recurring charges for personnel actions, (2) the write down of certain inventory related to discontinued product lines, and (3) a valuation allowance for certain deferred tax assets. As such, the financial information is not presented in accordance with United States generally accepted accounting principles ("GAAP"). Management believes these non-GAAP financial measures provide meaningful supplemental information regarding our Company's performance, thereby enhancing the ability of investors to evaluate PAR's results for the periods presented. Please refer to the table below for supplemental information and corresponding reconciliation of non-GAAP adjusted financial measures to GAAP financial measure for the three months and twelve months ended December 31, 2009.

For the fourth quarter ended December 31, 2009, PAR reported revenues of \$58.2 million down 11% when compared to the \$65.4 million reported for the fourth quarter of 2008. Excluding special non-recurring charges, the Company reported non-GAAP adjusted net income of \$601,000 and non-GAAP adjusted earnings per share of \$0.04 for the period, versus net income of \$1.5 million and earnings per share of \$0.10 reported for the same period last year. On a GAAP basis, net loss for the fourth quarter was \$4.9 million, representing a loss of \$0.33 per diluted share.

For fiscal year 2009, PAR reported total revenues of \$223 million, down 4% from the \$233 million reported for fiscal year 2008. Non-GAAP adjusted net income for the year was \$308,000, or non-GAAP adjusted \$0.02 earnings per diluted share. The results represent a decrease from the \$2.2 million of net income and \$0.15 earnings per diluted share reported for fiscal year 2008. On a GAAP basis, net loss for 2009 was \$5.2 million representing a loss \$0.36 per diluted share.

These one-time charges incurred in the fourth quarter reduced operating income by approximately \$6.5 million, comprised of \$1.2 million related to personnel actions, and \$5.3 million related to inventory. In addition the Company recorded a \$1.4 million valuation allowance for certain deferred tax assets.

"The global economic environment represented a significant challenge for PAR throughout 2009. Although difficult in scope, we see improving stability in our markets and look forward to a much improved 2010," said John W. Sammon, PAR Chairman and Chief Executive Officer. "We have also taken significant steps this

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past quarter to make certain organizational changes that will deliver meaningful cost savings in 2010. With these cost reductions, coupled with expected increasing sales, we foresee improvement in profitability this year. Our fundamental long-term strategy remains intact and has not been affected by the cost reductions taken during this period."

Certain Company information in this release or by its spokespersons from time to time may contain forward-looking statements. Any statements in this document that do not describe historical facts are forward-looking statements. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including without limitation, delays in new product introduction, risks in technology development and commercialization, risks in product development and market acceptance of and demand for the Company's products, risks of downturns in economic conditions generally, and in the quick service sector of the restaurant market specifically, risks of intellectual property rights associated with competition and competitive pricing pressures, risks associated with foreign sales and high customer concentration, and other risks detailed in the Company's filings with the Securities and Exchange Commission.

ABOUT PAR TECHNOLOGY

PAR Technology Corporation creates and markets products that help hospitality operators around the world to better manage money, materials, people and the guest experience. PAR has provided hardware, software and services to the world's largest restaurant chains and their franchisees for almost 30 years. Today the Company's extensive offering include technology solutions for the full spectrum of hospitality operations, from boutique hotels and independent table service restaurants to international QSR chains, all backed by PAR's global service network. The Company has over 50,000 installations in 105 countries worldwide. PAR is also a leader in providing computer-based system design and engineering services to the U.S. Department of Defense and federal and state government agencies. PAR Technology Corporation's stock is traded on the New York Stock Exchange under the symbol PTC. For more information visit the Company's website at www.partech.com.

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PAR TECHNOLOGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)
(unaudited)

| | December 31, | |
|---------------------------------|--------------|----------|
| | 2009 | 2008 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,907 | \$ 6,227 |
| Accounts receivable-net | 47,013 | 53,582 |
| Inventories-net | 32,867 | 41,132 |
| Income tax refunds | 438 | 208 |

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| | | |
|--|------------|------------|
| Deferred income taxes | 6,362 | 5,301 |
| Other current assets | 2,329 | 3,588 |
| | ----- | ----- |
| Total current assets | 92,916 | 110,038 |
| Property, plant and equipment - net | 6,332 | 6,879 |
| Deferred income taxes | 1,202 | 1,525 |
| Goodwill | 26,635 | 25,684 |
| Intangible assets - net | 7,243 | 8,251 |
| Other assets | 1,775 | 1,611 |
| | ----- | ----- |
| Total Assets | \$ 136,103 | \$ 153,988 |
| | ===== | ===== |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 1,404 | \$ 1,079 |
| Borrowings under lines of credit | 2,000 | 8,800 |
| Accounts payable | 12,942 | 15,293 |
| Accrued salaries and benefits | 7,607 | 8,360 |
| Accrued expenses | 3,868 | 3,962 |
| Customer deposits | 1,782 | 6,157 |
| Deferred service revenue | 16,598 | 16,318 |
| | ----- | ----- |
| Total current liabilities | 46,201 | 59,969 |
| | ----- | ----- |
| Long-term debt | 4,455 | 5,852 |
| | ----- | ----- |
| Other long-term liabilities | 2,212 | 1,910 |
| | ----- | ----- |
| Shareholders' Equity: | | |
| Preferred stock, \$.02 par value, 1,000,000 shares authorized | -- | -- |
| Common stock, \$.02 par value, 29,000,000 shares authorized; 16,449,695 and 16,189,718 shares issued; 14,796,940 and 14,536,963 outstanding | 329 | 324 |
| Capital in excess of par value | 41,382 | 40,173 |
| Retained earnings | 47,482 | 52,668 |
| Accumulated other comprehensive loss | (449) | (1,399) |
| Treasury stock, at cost, 1,652,755 shares | (5,509) | (5,509) |
| | ----- | ----- |
| Total shareholders' equity | 83,235 | 86,257 |
| | ----- | ----- |
| Total Liabilities and Shareholders' Equity | \$ 136,103 | \$ 153,988 |
| | ===== | ===== |

PAR TECHNOLOGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

For the three months
ended December 31,

| | | | |
|--|-------|-------|-------|
| | ----- | ----- | ----- |
| | 2009 | 2008 | 2007 |
| | ----- | ----- | ----- |

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| | | | | |
|--|----|---------|-----------|----|
| Net revenues: | | | | |
| Product | \$ | 19,918 | \$ 23,197 | \$ |
| Service | | 17,989 | 22,131 | |
| Contract | | 20,300 | 20,051 | |
| | | ----- | ----- | |
| | | 58,207 | 65,379 | |
| | | ----- | ----- | |
| Costs of sales: | | | | |
| Product | | 14,367 | 15,387 | |
| Service | | 16,661 | 14,595 | |
| Contract | | 19,158 | 18,899 | |
| | | ----- | ----- | |
| | | 50,186 | 48,881 | |
| | | ----- | ----- | |
| Gross margin | | 8,021 | 16,498 | |
| | | ----- | ----- | |
| Operating expenses: | | | | |
| Selling, general and administrative | | 9,386 | 9,866 | |
| Research and development | | 4,069 | 3,724 | |
| Amortization of identifiable intangible assets | | 233 | 368 | |
| | | ----- | ----- | |
| | | 13,688 | 13,958 | |
| | | ----- | ----- | |
| Operating income (loss) | | (5,667) | 2,540 | |
| Other income (loss), net | | (109) | 162 | |
| Interest expense | | (72) | (431) | |
| | | ----- | ----- | |
| Income (loss) before provision for income taxes ... | | (5,848) | 2,271 | |
| (Provision) benefit for income taxes | | 955 | (810) | |
| | | ----- | ----- | |
| Net income (loss) | \$ | (4,893) | \$ 1,461 | \$ |
| | | ===== | ===== | |
| Earnings (loss) per share | | | | |
| Basic | \$ | (.33) | \$.10 | \$ |
| Diluted | \$ | (.33) | \$.10 | \$ |
| Weighted average shares outstanding | | | | |
| Basic | | 14,666 | 14,470 | |
| | | ===== | ===== | |
| Diluted | | 14,666 | 14,689 | |
| | | ===== | ===== | |

Reconciliation of GAAP net income to adjusted non - GAAP net income

| | For the three months ended December 31, 2009 | For the year ended December 31, 2009 |
|---------------------|--|---|
| | ----- | ----- |
| GAAP Net loss | \$(4,893) | \$(5,186) |
| Adjustments: | | |
| Cost of sales | | |
| Product | 944 | 944 |
| Service | 4,509 | 4,509 |

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| | | |
|--|----------------|----------------|
| Total cost of sales | ----- 5,453 | ----- 5,453 |
| Operating expenses | | |
| Selling, general and administrative | 512 | 512 |
| Research and development | 548 | 548 |
| | ----- | ----- |
| Total operating expenses | 1,060 | 1,060 |
| | ----- | ----- |
| Total adjustments | 6,513 | 6,513 |
| Income taxes | | |
| Tax effect of adjusting items | (2,423) | (2,423) |
| Valuation allowance | 1,404 | 1,404 |
| | ----- | ----- |
| Total income taxes | (1,019) | (1,019) |
| Adjusted non-GAAP net income | \$ 601 | \$ 308 |
| | ===== | ===== |
| Adjusted non-GAAP net income per diluted share | \$ 0.04 | \$ 0.02 |
| | ===== | ===== |

The Company reports its financial results in accordance with GAAP. However, non-GAAP adjusted financial measures, as defined in the reconciliation table above, are provided herein because management uses such measures in evaluating the results of the continuing operations of the Company and believes this information provides investors better insight into underlying business trends and performance. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

For the three and twelve months ended December 31, 2009, the Company recorded total charges of \$6.5 million primarily related to a non-recurring write-down of certain inventory associated with discontinued products and personnel actions related to the consolidation of some of its facilities. Of the total charges, \$5.3M is associated with inventory, while the remaining \$1.2M is associated with personnel actions. Additionally, the Company recorded a \$1.4M valuation allowance for certain deferred tax assets. These charges have been excluded in the Company's non-GAAP measures because they are considered non-recurring in nature and are quantitatively and qualitatively different from the Company's core operations during any particular period.