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PAR TECHNOLOGY CORP
Form 8-K
February 13, 2007

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 13, 2007

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 13, 2007, PAR Technology Corporation issued a press release

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announcing its results of operation for the quarterly period ending December 31, 2006. 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 13, 2007.

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 13, 2007

/s/Ronald J. Casciano

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

EXHIBIT INDEX

| Exhibit Number ----- | Description ----- |
|-------------------------|--|
| 99.1 | Press Release dated February 13, 2007. |

Exhibit 99.1 Press Release dated February 13, 2007.

RELEASE: NEW HARTFORD, NY, February 13, 2007
CONTACT: Christopher R. Byrnes (315) 738-0600 ext. 226
cbyrnes@partech.com, www.partech.com

PAR TECHNOLOGY CORPORATION REPORTS FOURTH QUARTER RESULTS

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

(New Hartford, NY- February 13, 2007) PAR Technology Corporation (NYSE: PTC), a leader in providing integrated hardware, software and service solutions to the hospitality industry, and provider of Government I/T solutions and services, today reported financial results for the fourth quarter and year ended December 31, 2006.

For the fourth quarter ended December 31, 2006, PAR Technology Corporation reported revenues of \$54.2 million compared to \$53.5 million in the fourth quarter 2005, an increase of 1.4%. Net income fell to \$820,000 versus the \$3.2 million earned in the fourth quarter one year ago. The Company reported diluted net earnings per share of \$0.06 for this past quarter, compared to the \$0.22 reported for the same period a year earlier. The 2006 fourth quarter results include non-cash stock-based compensation expense of \$110,000 or \$0.01 per share due to the expensing of stock options and other share-based compensation in accordance with Statement of Financial Accounting Standards No. 123R, "Share-Based Payment". Such treatment was not required in the fourth quarter 2005.

For the year ended December 31, 2006, PAR Technology Corporation reported revenues of \$208.7 million, a 1.5% increase from the \$205.6 million reported one year ago. The Company also reported net income of \$5.7 million in 2006 versus the \$9.4 million earned last year. Diluted net earnings per share in 2006 were reported at \$0.39 compared to diluted net income per share of \$0.64 reported for the year 2005. In accordance with Statement of Financial Accounting Standards No. 123R, 2006 results include non-cash stock-based compensation expense of \$310,000 or \$0.02 per share compared to no such expense for 2005.

John W. Sammon, PAR Chairman & CEO commented, "In 2006 we experienced some weakness relative to our expectations in our hospitality business while our government business performed as planned. As our hospitality business fell short of plan; we never-the-less expanded our investments in support of our hospitality growth strategy. Specifically we took steps to expand our infrastructure to grow channels of distribution and to strengthen our international support organization especially in the Asia Pacific area. Additionally; in November we announced the acquisition of the assets of Siva Corporation, a software technology leader in the hospitality industry. This acquisition, while reducing earnings, has provided the next generation software platform for the hospitality market. We believe that by acquiring the Siva assets and retaining its engineering talent, we will accelerate our time to market by meeting future requirements of hospitality chains, which are being driven by advances in web based technology, thus providing a significant platform for long-term growth."

Sammon concluded, "In summary, while I would like to be able to report improved operating results for every quarter, I feel it is far more important to follow our strategy and to continue to make strategic investments in our businesses. We feel that these investment initiatives will over the long term, produce a growing, more predictable and increasingly profitable revenue stream which will significantly increase shareholder value. As we pursue this strategy - in 2007, we expect to see single digit revenue growth, with earnings per share possibly flat when compared to 2006."

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

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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.

PAR Technology Corporation is a leading provider of professional services and enterprise business intelligence software and hardware to the hospitality industry. PAR develops, markets and supports hardware and software products that improve the ability of hospitality business professionals to make timely, fact-based business decisions. The Company is a premier provider of I/T management solutions to hotel and restaurant companies, with over 40,000 installations worldwide in 100 countries. PAR has also been a leader in providing computer-based system design and engineering services to the Department of Defense and Federal Government Agencies. PAR Technology Corporation's stock is traded on the New York Stock Exchange under the symbol PTC. For more information please visit the Company's website at www.partech.com.

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

| | December 31, | |
|---|--------------|------------|
| | 2006 | 2005 |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 4,273 | \$ 4,982 |
| Accounts receivable-net | 46,791 | 40,781 |
| Inventories-net | 35,948 | 29,562 |
| Income tax refunds | 1,103 | 879 |
| Deferred income taxes | 5,139 | 5,690 |
| Other current assets | 2,737 | 2,598 |
| | 95,991 | 84,492 |
| Property, plant and equipment - net | 7,535 | 8,044 |
| Goodwill | 25,734 | 20,622 |
| Intangible assets - net | 10,695 | 9,904 |
| Other assets | 2,841 | 2,087 |
| | \$ 142,796 | \$ 125,149 |
| | ===== | ===== |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 90 | \$ 76 |
| Borrowings under lines of credit | 7,713 | 3,500 |

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| | | |
|--|------------|------------|
| Accounts payable | 12,470 | 12,703 |
| Accrued salaries and benefits | 8,279 | 9,725 |
| Accrued expenses | 1,861 | 2,352 |
| Customer deposits | 3,656 | 3,973 |
| Deferred service revenue | 12,254 | 11,332 |
| | ----- | ----- |
| Total current liabilities | 46,323 | 43,661 |
| | ----- | ----- |
| Long-term debt | 7,858 | 1,948 |
| | ----- | ----- |
| Deferred income taxes | 653 | 201 |
| | ----- | ----- |
| Other long-term liabilities | 1,879 | 847 |
| | ----- | ----- |
| Commitments and contingent liabilities | | |
| Shareholders' Equity: | | |
| Preferred stock, \$.02 par value, 1,000,000 shares authorized | -- | -- |
| Common stock, \$.02 par value, 29,000,000 shares authorized; 15,980,486 and 15,914,958 shares issued; 14,327,731 and 14,136,654 outstanding | 320 | 318 |
| Capital in excess of par value | 38,602 | 37,271 |
| Retained earnings | 53,159 | 47,442 |
| Accumulated other comprehensive loss | (489) | (611) |
| Treasury stock, at cost, 1,652,755 and 1,778,304 shares | (5,509) | (5,928) |
| | ----- | ----- |
| Total shareholders' equity | 86,083 | 78,492 |
| | ----- | ----- |
| | \$ 142,796 | \$ 125,149 |
| | ===== | ===== |

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

| | For the three months ended December 31, | | For the year e December 31 | |
|-----------------|--|-----------|-------------------------------|-----------|
| | 2006 | 2005 | 2006 | 2005 |
| | ----- | ----- | ----- | ----- |
| Net revenues: | | | | |
| Product | \$ 19,532 | \$ 24,344 | \$ 83,237 | \$ 90,000 |
| Service | 18,256 | 15,444 | 61,979 | 50,000 |
| Contract | 16,405 | 13,677 | 63,451 | 50,000 |
| | ----- | ----- | ----- | ----- |
| | 54,193 | 53,465 | 208,667 | 200,000 |
| | ----- | ----- | ----- | ----- |
| Costs of sales: | | | | |
| Product | 11,683 | 13,435 | 47,925 | 50,000 |
| Service | 13,402 | 11,318 | 46,338 | 40,000 |
| Contract | 15,051 | 12,612 | 58,895 | 50,000 |
| | ----- | ----- | ----- | ----- |
| | 40,136 | 37,365 | 153,158 | 150,000 |
| | ----- | ----- | ----- | ----- |

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| | | | | |
|--|--------|----------|----------|----|
| Gross margin | 14,057 | 16,100 | 55,509 | 5 |
| Operating expenses: | | | | |
| Selling, general and administrative | 8,930 | 8,694 | 33,440 | 3 |
| Research and development | 3,454 | 2,487 | 11,802 | |
| Amortization of identifiable intangible assets | 361 | 294 | 1,283 | |
| | 12,745 | 11,475 | 46,525 | 4 |
| Operating income | 1,312 | 4,625 | 8,984 | 1 |
| Other income, net | 180 | 248 | 617 | |
| Interest expense | (276) | (103) | (734) | |
| Income before provision for income taxes | 1,216 | 4,770 | 8,867 | 1 |
| Provision for income taxes | (396) | (1,538) | (3,146) | (|
| Net income | \$ 820 | \$ 3,232 | \$ 5,721 | \$ |
| Earnings per share | | | | |
| Basic | \$.06 | \$.23 | \$.40 | \$ |
| Diluted | \$.06 | \$.22 | \$.39 | \$ |
| Weighted average shares outstanding | | | | |
| Basic | 14,264 | 14,075 | 14,193 | 1 |
| Diluted | 14,700 | 14,775 | 14,752 | 1 |