

TRANSACT TECHNOLOGIES INC
Form 10-Q
May 08, 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: March 31, 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 April 30, 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)

	March 31, 2015	December 31, 2014
	(In thousands, except share data)	
Assets:		
Current assets:		
Cash and cash equivalents	\$4,049	\$3,131
Accounts receivable, net	10,803	9,094
Inventories	10,766	11,806
Prepaid income taxes	41	409
Deferred tax assets	3,068	3,068
Other current assets	678	489
Total current assets	29,405	27,997
Fixed assets, net	2,392	2,438
Goodwill	2,621	2,621
Deferred tax assets	1,074	1,068
Intangible assets, net of accumulated amortization of \$2,455 and \$2,326, respectively	1,212	1,341
Other assets	24	26
	7,323	7,494
Total assets	\$36,728	\$35,491
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$5,998	\$2,365
Accrued liabilities	2,066	3,320
Income taxes payable	22	13
Accrued lawsuit settlement expenses	3,625	3,625
Deferred revenue	421	313
Total current liabilities	12,132	9,636
Deferred revenue, net of current portion	64	64
Deferred rent, net of current portion	153	172
Other liabilities	230	225
	447	461
Total liabilities	12,579	10,097
Commitments and contingencies (Note 7)		
Shareholders' equity:		
	111	111

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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		
Additional paid-in capital	28,430	28,167
Retained earnings	21,870	22,349
Accumulated other comprehensive loss, net of tax	(81)	(72)
Treasury stock, at cost, 3,388,589 and 3,222,036 shares respectively	(26,181)	(25,161)
Total shareholders' equity	24,149	25,394
Total liabilities and shareholders' equity	\$36,728	\$35,491

See notes to Condensed Consolidated Financial Statements.

TRANSACT TECHNOLOGIES INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended March 31, 2015 2014 (In thousands, except per-share data)	
Net sales	\$16,164	\$13,619
Cost of sales	9,672	7,893
Gross profit	6,492	5,726
Operating expenses:		
Engineering, design and product development	868	1,230
Selling and marketing	1,823	1,965
General and administrative	1,840	1,888
Legal fees associated with lawsuit (Note 7)	1,744	12
	6,275	5,095
Operating income	217	631
Interest and other (expense) income:		
Interest, net	(6)	(14)
Other, net	14	(8)
	8	(22)
Income before income taxes	225	609
Income tax provision	81	215
Net income	\$144	\$394
Net income per common share:		
Basic	\$0.02	\$0.05
Diluted	\$0.02	\$0.05
Shares used in per-share calculation:		
Basic	7,856	8,373
Diluted	7,876	8,553
Dividends declared and paid per common share:	\$0.08	\$0.07

See notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Net income	\$144	\$394
Foreign currency translation adjustment, net of tax	(9)	1
Comprehensive income	\$135	\$395

See notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2015	2014
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 144	\$ 394
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	142	145
Depreciation and amortization	361	360
Deferred income tax benefit	(1)	-
Foreign currency transaction (gains) losses	(13)	8
Changes in operating assets and liabilities:		
Accounts receivable	(1,711)	329
Inventories	1,040	(41)
Prepaid income taxes	368	198
Other current and long term assets	(186)	(212)
Accounts payable	3,633	(27)
Accrued liabilities and other liabilities	(1,025)	(10)
Net cash provided by operating activities	2,752	1,144
Cash flows from investing activities:		
Capital expenditures	(188)	(288)
Net cash used in investing activities	(188)	(288)
Cash flows from financing activities:		
Payment of dividends on common stock	(623)	(582)
Purchases of common stock for treasury	(1,020)	-
Net cash used in financing activities	(1,643)	(582)
Effect of exchange rate changes on cash and cash equivalents	(3)	(5)
Increase in cash and cash equivalents	918	269
Cash and cash equivalents, beginning of period	3,131	2,936
Cash and cash equivalents, end of period	\$ 4,049	\$ 3,205

See notes to Condensed Consolidated Financial Statements.

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

1. Basis of presentation

The accompanying unaudited financial statements of TransAct Technologies Incorporated have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America to be included in full year financial statements. In the opinion of management, all adjustments considered necessary for a fair statement of the results for the periods presented have been included and are of a normal recurring nature. The December 31, 2014 Condensed Consolidated Balance Sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2014 included in our Annual Report on Form 10-K.

The financial position and results of operations of our U.K. subsidiary are measured using local currency as the functional currency. Assets and liabilities of such subsidiary have been translated at the end of period exchange rates, and related revenues and expenses have been translated at the weighted average exchange rates with the resulting translation gain or loss recorded in accumulated other comprehensive income (loss) in the Condensed Consolidated Balance Sheets. Transaction gains and losses are included in other income in the Condensed Consolidated Statements of Income.

The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the results to be expected for the full year.

2. Inventories

The components of inventories are:

	March 31, 2015	December 31, 2014
	(In thousands)	
Raw materials and purchased component parts	\$6,188	\$6,183
Work-in-process	-	4
Finished goods	4,578	5,619
	\$10,766	\$11,806

3. Accrued product warranty liability

We generally warrant our products for up to 36 months and record the estimated cost of such product warranties at the time the sale is recorded. Estimated warranty costs are based upon actual past experience of product repairs and the related estimated cost of labor and material to make the necessary repairs.

The following table summarizes the activity recorded in the accrued product warranty liability during the three months ended March 31, 2015:

	(In thousands)
Balance, beginning of period	\$287
Warranties issued	40
Warranty settlements	(71)
Balance, end of period	\$256

Approximately \$174,000 of the accrued product warranty liability is classified as current in Accrued liabilities at March 31, 2015 in the Condensed Balance Sheets. The remaining \$82,000 of the accrued product warranty liability is classified as long-term in Other liabilities.

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

4. Earnings per share

The following table sets forth the reconciliation of basic weighted average shares outstanding and diluted weighted average shares outstanding:

	Three months ended March 31,	
	2015	2014
	(In thousands, except per share data)	
Net income	\$144	\$394
Shares:		
Basic: Weighted average common shares outstanding	7,856	8,373
Add: Dilutive effect of outstanding options as determined by the treasury stock method	20	180
Diluted: Weighted average common and common equivalent shares outstanding	7,876	8,553
Net income per common share:		
Basic	\$0.02	\$0.05
Diluted	\$0.02	\$0.05

The computation of diluted earnings per share excludes the effect of the potential exercise of stock options, when the average market price of the common stock is lower than the exercise price of the related stock option during the period. These outstanding stock options are not included in the computation of diluted earnings per share because the effect would be anti-dilutive. For the three months ended March 31, 2015 and 2014, there were 853,000 and 174,000, respectively, potentially dilutive shares consisting of stock options that were excluded from the calculation of earnings per diluted share.

5. Shareholders' equity

Changes in shareholders' equity for the three months ended March 31, 2015 were as follows (in thousands):

Balance at December 31, 2014	\$25,394
Net income	144
Share-based compensation expense	142
Issuance of deferred stock units, net of relinquishments	121
Foreign currency translation adjustment	(9)
Dividends declared and paid on common stock	(623)
Purchase of common stock for treasury	(1,020)
Balance at March 31, 2015	\$24,149

We paid a portion of the 2014 incentive bonus for the chief executive officer and chief financial officer in the form of deferred stock units. Such deferred stock units were granted in February 2015 and were fully vested at the time of grant.

For the three months ended March 31, 2015, our Board of Directors declared a quarterly cash dividend of \$0.08 per share, totaling approximately \$623,000, which was paid in March 2015 to common shareholders of record at the close of business on February 20, 2015. For the three months ended March 31, 2014, dividends declared and paid totaled approximately \$583,000, or \$0.07 per share.

6. Income taxes

We recorded an income tax provision for the first quarter of 2015 of \$81,000 at an effective tax rate of 36.0%, compared to an income tax provision during the first quarter of 2014 of \$215,000 at an effective tax rate of 35.3%.

We are subject to U.S. federal income tax as well as income tax of certain state and foreign jurisdictions. We have substantially concluded all U.S. federal income tax, state and local, and foreign tax matters through 2010. During 2013, an examination of our 2010 federal tax return was completed. However, our federal tax returns for the years 2011 through 2013 remain open to examination. Various state and foreign tax jurisdiction tax years remain open to examination as well, though we believe that any additional assessment would be immaterial to the Condensed Consolidated Financial Statements. No state or foreign tax jurisdiction income tax returns are currently under examination. As of March 31, 2015, we had \$124,000 of total gross unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods.

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

7. Commitments and contingencies

On June 8, 2012, Avery Dennison Corporation (“AD”) filed a civil complaint against us and a former employee of ours and of AD, in the Court of Common Pleas (the “Court”) in Lake County, Ohio. The complaint alleged that we and this former employee misappropriated unspecified trade secrets and confidential information from AD related to the design of our food safety terminals. The complaint requested a preliminary and permanent injunction against us from manufacturing and selling our Ithaca® 9700 and 9800 food safety terminals. On July 16, 2012, we filed our answer, affirmative defenses and counterclaims, seeking all available damages including legal fees. A hearing on the plaintiff’s motion for preliminary injunction took place in August 2012, and in November 2012, the Court denied this request. AD filed an appeal of the Court’s ruling to the Eleventh Appellate District, which heard oral arguments on the appeal on July 16, 2013. On July 23, 2013, AD requested that the Eleventh Appellate District enjoin our further sale and marketing of the food safety terminals, pending the Court of Appeals’ decision. On July 29, 2013, we opposed this request. On October 15, 2013, the Eleventh District Court of Appeals affirmed the lower court’s decision in our favor and denied AD’s further request of an injunction pending the Court of Appeal’s decision. On October 24, 2013, AD filed a motion seeking that the Court of Appeals reconsider its decision. On April 16, 2014, the Court of Appeals denied AD’s motion to reconsider its decision. On July 28, 2014, AD filed a motion requesting leave from the Court to file an amended complaint and indicating that it has elected to pursue only its claim for damages, dropping its claim for injunctive relief. On September 4, 2014, the Court granted AD’s motion to file an amended complaint. On September 25, 2014, we filed our answer, affirmative defenses and counterclaims with respect to the amended complaint, seeking all available damages including legal fees. On January 30, 2015, we filed a motion for summary judgment seeking judgment in our favor all counts as to the Company. On the same day, AD filed two motions for partial summary judgment. On February 17, 2015, we opposed both of AD’s motions, and AD opposed our motion. On February 23, 2015, the Company filed a reply brief in support of its motion for summary judgment. A trial was scheduled to begin on April 21, 2015, however, on March 25, 2015 the parties executed a confidential settlement agreement and release (the “Settlement Agreement”) in which the parties mutually agreed to resolve the dispute that was the subject of the lawsuit filed by AD against the Company to the parties’ mutual satisfaction. Under the terms of the Settlement Agreement, we agreed to pay AD \$3,600,000 payable on or before April 8, 2015 and also to qualify certain AD labels for use on our food safety terminals at an estimated cost of \$25,000. We made the \$3,600,000 payment to AD on April 8, 2015 and borrowed \$2,500,000 under our revolving credit facility with TD Bank to fund the payment. We recorded the total expense of \$3,625,000 in the fourth quarter 2014 as an operating expense included in the line item “Legal fees and settlement expenses associated with lawsuit” on the Consolidated Statement of Operations and as a current liability included in the line item “Accrued lawsuit settlement expenses” on the Consolidated Balance Sheet.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

Certain statements included in this report, including without limitation statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations, which are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 "contingent" and negative thereof or other similar words. All forward-looking statements involve risks and uncertainties, including, but not limited to those listed in Item 1A of our most recently filed Annual Report on Form 10-K. 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 report and we assume no duty to update them. As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, references to "we", "us", "our", the "Company" and "TransAct" refer to TransAct Technologies Incorporated, and its consolidated subsidiaries.

Overview

TransAct Technologies Incorporated ("TransAct") designs, develops and sells market-specific solutions, including printers, terminals, software and other products for transaction-based and other industries. These world-class products are sold under the Epic, EPICENTRAL™, Ithaca®, Printrex® and Responder® brand names. Known and respected worldwide for innovative designs and real-world service reliability, our thermal, inkjet and impact printers and terminals generate top-quality labels and transaction records such as receipts, tickets, coupons, register journals and other documents as well as printed logging and plotting of data. We focus on the following core markets: food safety, banking and point-of-sale ("POS"), casino and gaming, lottery, and Printrex (which serves the oil and gas, medical and mobile printing markets). We sell our products to original equipment manufacturers ("OEMs"), value-added resellers ("VARs"), selected distributors, as well as directly to end-users. Our product distribution spans across the Americas, Europe, the Middle East, Africa, Asia, Australia, the Caribbean Islands and the South Pacific. TransAct also provides world-class printer service, spare parts, accessories and printing supplies to its growing worldwide installed base of products. Through our TransAct Services Group ("TSG") we provide a complete range of supplies and consumables used in the printing and scanning activities of customers in the hospitality, banking, retail, casino and gaming, government and oil and gas exploration markets. Through our webstore, www.transactsupplies.com, and our direct selling team, we address the on-line demand for these products. We operate in one reportable segment: the design, development, assembly and marketing of transaction printers and terminals and providing printer-related services, supplies and spare parts.

Critical Accounting Judgments and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our Condensed Consolidated Financial Statements, which have been prepared by us in accordance with accounting principles generally accepted in the United States of America. The presentation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities. Our estimates include those related to revenue recognition, inventory obsolescence, the valuation of deferred tax assets and liabilities, depreciable lives of equipment, warranty obligations, and contingent liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances.

For a complete description of our accounting policies, see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, "Critical Accounting Policies and Estimates," included in our Annual Report on Form 10-K for the year ended December 31, 2014. We have reviewed those policies and determined that they remain our critical accounting policies for the three months ended March 31, 2015.

Results of Operations: Three months ended March 31, 2015 compared to three months ended March 31, 2014

Net Sales. Net sales, which include printer, terminal and software sales as well as sales of replacement parts, consumables and maintenance and repair services, by market for the three months ended March 31, 2015 and 2014 were as follows (in thousands, except percentages):

	Three months ended		Three months ended		Change	
	March 31, 2015		March 31, 2014		\$	%
Food safety, banking and POS	\$2,222	13.8%	\$1,769	13.0%	\$453	25.6%
Casino and gaming	5,581	34.5%	6,542	48.0%	(961)	(14.7%)
Lottery	4,031	24.9%	821	6.0%	3,210	391.0%
Printrex	707	4.4%	974	7.2%	(267)	(27.4%)
TSG	3,623	22.4%	3,513	25.8%	110	3.1%
	\$16,164	100%	\$13,619	100%	\$2,545	18.7%
International *	\$4,154	25.7%	\$3,413	25.1%	\$741	21.7%

* International sales do not include sales of printers made to domestic distributors or other domestic customers who may in turn ship those printers to international destinations.

Net sales for the first quarter of 2015 increased \$2,545,000, or 19%, from the same period in 2014. Printer sales volume increased 36% to approximately 48,000 units driven primarily by a 383% increase in unit volume from the lottery market. The increase in the lottery market was partially offset by an 11% decrease in unit volume from the casino and gaming market. The average selling price of our printers declined approximately 9% in the first quarter of 2015 compared to the first quarter of 2014 due to the large volume of lower priced lottery printers. International sales increased \$741,000, or 22%, primarily driven by higher international casino and gaming and higher food safety, banking and POS printer sales.

Food safety, banking and POS:

Revenue from the food safety, banking and POS market includes sales of food safety terminals which are hardware devices that consist of a touchscreen and one or two thermal print mechanisms, that print easy-to-read food rotation labels and "enjoy by" date labels to help restaurants effectively manage food spoilage. Revenue from this market also includes sales of inkjet, thermal and impact printers used primarily by retailers in the restaurant (including fine dining, casual dining and fast food), hospitality, and specialty retail industries to print receipts for consumers, validate checks, or print on linerless labels or other inserted media. In addition, revenue includes sales of printers used by banks, credit unions and other financial institutions to print receipts and/ or validate checks at bank teller stations. A summary of sales of our worldwide food safety, banking and POS products for the three months ended March 31, 2015 and 2014 is as follows (in thousands, except percentages):

	Three months ended March 31, 2015		Three months ended March 31, 2014		Change	
	\$	%	\$	%	\$	%
Domestic	\$ 1,979	89.1%	\$ 1,722	97.3%	\$ 257	14.9%
International	243	10.9%	47	2.7%	196	417.0%
	\$ 2,222	100.0%	\$ 1,769	100.0%	\$ 453	25.6%

The increase in both domestic and international food safety, banking and POS product revenue from the first quarter of 2014 was primarily driven by a 335% increase in sales of our food safety terminals as we resumed shipments to our distributor who made a large initial stocking order in 2013 and did not make any purchases in the first quarter of 2014. In addition, sales of our Ithaca® 280 printer increased 54% during the quarter. These increases were partially offset by lower sales of our Ithaca® 9000 printers to McDonalds. We expect to see an increase in sales of our Ithaca® 9000 printers beginning in Q2 2015.

Casino and gaming:

Revenue from the casino and gaming market includes sales of printers used in slot machines, video lottery terminals ("VLTs"), and other gaming machines that print tickets or receipts instead of issuing coins ("ticket-in, ticket-out" or "TITO") at casinos and racetracks ("racinos") and other gaming venues worldwide. Revenue from this market also includes sales of printers used in the international off-premise gaming market in gaming machines such as Amusement with Prizes ("AWP"), Skills with Prizes ("SWP") and Fixed Odds Betting Terminals ("FOBT") at non-casino gaming establishments. Revenue from this market also includes royalties related to our patented casino and gaming technology. In addition, casino and gaming market revenue includes sales of our software solution (including annual software maintenance for), the EPICENTRAL™ print system, that enables casino operators to create promotional coupons and marketing messages and to print them real-time at the slot machine. A summary of sales of our worldwide casino and gaming products for the three months ended March 31, 2015 and 2014 is as follows (in thousands, except percentages):

	Three months ended March 31, 2015		Three months ended March 31, 2014		Change	
	\$	%	\$	%	\$	%
Domestic	\$2,079	37.3%	\$3,549	54.2%	\$(1,470)	(41.4%)
International	3,502	62.7%	2,993	45.8%	509	17.0%
	\$5,581	100.0%	\$6,542	100.0%	\$(961)	(14.7%)

The decrease in domestic sales of our casino and gaming products resulted primarily from a reduction in the replacement cycle in the domestic casino market in the first quarter of 2015 compared to the first quarter of 2014. Domestic sales of our thermal Epic 950 gaming printer decreased 42% in the first quarter of 2015 compared to the first quarter 2014.

International casino and gaming printer sales increased due primarily to a 255% increase in sales of our off-premise gaming printers, primarily to our European distributor. Sales of our off-premise gaming printers are largely project-oriented, and we therefore cannot predict the level of future sales. This increase was partially offset by a 4% decrease in sales of our thermal Epic 950 printer.

Lottery:

Revenue from the lottery market includes sales of thermal on-line and other lottery printers to GTECH Corporation (“GTECH”) and its subsidiaries for various lottery applications. A summary of sales of our worldwide lottery printers for the three months ended March 31, 2015 and 2014 is as follows (in thousands, except percentages):

	Three months ended March 31, 2015		Three months ended March 31, 2014		Change	
	\$	%	\$	%	\$	%
Domestic	\$ 3,939	97.7%	\$ 816	99.4%	\$ 3,123	382.7%
International	92	2.3%	5	0.6%	87	1740.0%
	\$ 4,031	100.0%	\$ 821	100.0%	\$ 3,210	391.0%

Our sales to GTECH are directly dependent on the timing and number of new and upgraded lottery terminal installations GTECH performs, and as a result, may fluctuate significantly quarter-to-quarter and year-to-year and are not indicative of GTECH’s overall business or revenue. Based on our backlog of orders and customer’s forecast, we expect total lottery printer sales to GTECH for 2015 to be higher than those reported in 2014, especially in the first half of 2015.

Printrex:

Printrex branded printers are sold into markets that include wide format, desktop and rack mounted and vehicle mounted black/white and color thermal printers used by customers to log and plot oil field, seismic and down hole well drilling data in the oil and gas exploration industry. It also includes high-speed color inkjet desktop printers used to print logs at data centers of the oil and gas field service companies. Revenue in this market also includes sales of wide format printers used to print test results in ophthalmology devices in the medical industry, as well as vehicle mounted printers used to print schematics and certain other critical information in emergency services vehicles and other mobile printing applications. A summary of sales of our worldwide Printrex printers for the three months ended March 31, 2015 and 2014 is as follows (in thousands, except percentages):

	Three months ended March 31, 2015		Three months ended March 31, 2014		Change	
	\$	%	\$	%	\$	%
Domestic	\$637	90.1%	\$858	88.1%	\$(221)	(25.8%)
International	70	9.9%	116	11.9%	(46)	