

TIDEL TECHNOLOGIES INC
Form 10-Q
February 21, 2006

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

T **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended December 31, 2005

or

o **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 000-17288

TIDEL TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

75-2193593
(I.R.S. Employer Identification No.)

2900 Wilcrest Drive, Suite 205
Houston, Texas
(Address of principal executive offices)

77042
(Zip Code)

Registrant's telephone number, including area code: (713) 783-8200

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 requirement for the past 90 days. YES **T** NO **o**

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes **o** No **T**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes **o** No **T**

The number of shares of Common Stock outstanding as of the close of business on February 12, 2006 was 38,677,210.

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TIDEL TECHNOLOGIES, INC. AND SUBSIDIARIES

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CONDENSED CONSOLIDATED BALANCE SHEETS**

| ASSETS | December 31, 2005 (unaudited) | September 30, 2005 |
|--|-------------------------------------|-----------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 2,805,048 | \$ 1,003,663 |
| Trade accounts receivable, net of allowance of \$598,496 at December 31, 2005 and \$_____ for September 30, 2005 | 234,458 | 250,000 |
| Notes and other receivables | 13,361 | 12,965 |
| Prepaid expenses and other | 130,286 | 170,231 |
| Assets held for sale, net of accumulated depreciation of \$5,274,638 and \$5,236,167, respectively (see note 2) | 13,562,995 | 15,471,113 |
| Total current assets | 16,746,148 | 16,907,972 |
| Property, plant and equipment, at cost | 55,641 | 55,641 |
| Accumulated depreciation | (44,214) | (42,848) |
| Net property, plant and equipment | 11,427 | 12,793 |
| Other assets | 696,018 | 615,763 |
| Total assets | \$ 17,453,593 | \$ 17,536,528 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Current maturities, net of debt discount of \$2,820,226 at December 31, 2005 and \$_____ for September 30, 2005 | \$ 5,197,762 | \$ 2,325,000 |
| Accounts payable | 970,875 | 431,876 |
| Accrued interest payable | 2,171,856 | 2,135,852 |
| Other accrued expenses | 546,685 | 290,871 |
| Liabilities held for sale (see note 2) | 7,332,114 | 7,993,154 |
| Total current liabilities | 16,219,292 | 13,176,753 |
| Long-term debt, net of current maturities and debt discount of \$3,746,531 at September 30, 2005 | — | 2,096,457 |
| Total liabilities | 16,219,292 | 15,273,210 |
| Commitments and contingencies | | |
| Shareholders' Equity: | | |
| Common stock, \$.01 par value, authorized 100,000,000 shares; issued and outstanding 20,677,210 shares | 206,772 | 206,772 |
| Additional paid-in capital | 30,962,187 | 30,962,187 |
| Accumulated deficit | (30,074,605) | (28,905,810) |
| Accumulated other comprehensive income | 139,947 | 169 |
| Total shareholders' equity | 1,234,301 | 2,263,318 |

| | | | | |
|--|----|------------|----|------------|
| Total liabilities and shareholders' equity | \$ | 17,453,593 | \$ | 17,536,528 |
|--|----|------------|----|------------|

See accompanying Notes to Condensed Consolidated Financial Statements.

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TIDEL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three Months Ended December 31, | |
|--|--|----------------|
| | 2005 | 2004 |
| Revenues | \$ — | \$ — |
| Selling, general and administrative | 1,374,024 | 307,199 |
| Depreciation and amortization | 1,366 | 872 |
| Operating loss | (1,375,390) | (308,071) |
| Other income (expense): | | |
| Gain from CCC bankruptcy settlement | 180,000 | — |
| Interest expense, net | (1,162,411) | (3,074,343) |
| Total other income (expense) | (982,411) | (3,074,343) |
| Loss from continuing operations | (2,357,801) | (3,382,414) |
| Income from discontinued operations | 1,189,006 | 2,226,850 |
| Net loss | \$ (1,168,795) | \$ (1,155,564) |
| Basic earnings (loss) per share: | | |
| Loss from continuing operations | \$ (0.11) | \$ (0.18) |
| Income from discontinued operations | 0.06 | 0.12 |
| Net loss | \$ (0.05) | (0.06) |
| Weighted average common shares outstanding | 20,677,210 | |