

PUBLICARD INC  
Form 10-Q  
July 28, 2006

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**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 June 30, 2006**

**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 0-29794**

**PUBLICARD, INC.**

(Exact name of registrant as specified in its charter)

**Pennsylvania**

(State or other jurisdiction of incorporation or organization)

**23-0991870**

(I.R.S. Employer Identification No.)

**One Rockefeller Plaza, 14<sup>th</sup> Floor, New York,  
NY**

(Address of principal executive offices)

**10020**

(Zip code)

Registrant's telephone number, including area code: **(212) 651-3102**

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

Number of shares of Common Stock outstanding as of July 28, 2006: **24,940,902**

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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****PUBLICARD, INC.  
AND SUBSIDIARY COMPANIES****CONDENSED CONSOLIDATED BALANCE SHEETS AS OF  
JUNE 30, 2006 AND DECEMBER 31, 2005  
(in thousands, except share data)**

	<b>June 30, 2006</b> (unaudited)	<b>December 31, 2005</b>
<b>ASSETS</b>		
Current assets:		
Cash, including short-term investments of \$280 and \$989 in 2006 and 2005, respectively	\$ 549	\$ 1,072
Trade receivables, less allowance for doubtful accounts of \$18 and \$16 in 2006 and 2005, respectively	531	647
Inventories	276	303
Other current assets	132	573
<b>Total current assets</b>	<b>1,488</b>	<b>2,595</b>
Equipment and leasehold improvements, net	35	47
	\$ 1,523	\$ 2,642
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
Current liabilities:		
Overdraft payable	\$ 549	\$ 406
Trade accounts payable	579	592
Accrued liabilities	738	1,067
<b>Total current liabilities</b>	<b>1,866</b>	<b>2,065</b>
Note payable	7,501	7,501
Other non-current liabilities	222	227
<b>Total liabilities</b>	<b>9,589</b>	<b>9,793</b>
Commitments and contingencies (Note 3)		
Shareholders' deficiency:		
Class A Preferred Stock, Second Series, no par value: 1,000 shares authorized; 465	2,325	2,325

shares issued and outstanding as of June 30, 2006  
and December 31, 2005

Common shares, \$0.10 par value: 40,000,000 shares  
authorized; 24,940,902

shares issued and outstanding as of June 30, 2006  
and December 31, 2005

	2,494	2,494
Additional paid-in capital	108,594	108,594
Accumulated deficit	(121,389)	(120,507)
Accumulated other comprehensive loss	(90)	(57)
Total shareholders' deficiency	(8,066)	(7,151)
	\$ 1,523	\$ 2,642

The accompanying notes to unaudited condensed consolidated financial statements are an integral part of these statements.

-1-

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**PUBLICARD, INC.  
AND SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2006 AND 2005  
(in thousands, except share data)  
(unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Revenues	\$ 799	\$ 909	\$ 1,548	\$ 1,660
Cost of revenues	404	424	731	792
Gross margin	395	485	817	868
Operating expenses:				
General and administrative	448	492	909	1,022
Sales and marketing	258	284	520	682
Product development	138	163	286	339
	844	939	1,715	2,043
Loss from operations	(449)	(454)	(898)	(1,175)
Other income (expenses):				
Interest income	4	7	11	14
Interest expense	(9)	(6)	(16)	(11)
Other income	21	-	21	-
	16			