

INDUSTRIAL SERVICES OF AMERICA INC /FL
Form 10-Q
May 15, 2013

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

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 0-20979

INDUSTRIAL SERVICES OF AMERICA, INC.

(Exact Name of Registrant as specified in its Charter)

Florida

59-0712746

(State or other jurisdiction of
Incorporation or Organization)

(IRS Employer Identification No.)

7100 Grade Lane, PO Box 32428

Louisville, Kentucky 40232

(Address of principal executive offices)

(502) 368-1661

(Registrant's Telephone Number, Including Area Code)

Check 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 (Section 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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 30, 2013:

7,069,267.

INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES
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PART I – FINANCIAL INFORMATION

ITEM 1: CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2013 (Unaudited) (in thousands)	December 31, 2012
Current assets		
Cash and cash equivalents	\$1,438	\$1,926
Income tax receivable	759	1,437
Accounts receivable – trade (after allowance for doubtful accounts of \$100.0 thousand in 2013 and 2012)	10,540	13,344
Inventories	21,765	16,529
Deferred income taxes	654	276
Prepaid expenses	350	330
Employee loans	2	5
Total current assets	35,508	33,847
Net property and equipment	23,533	24,210
Other assets		
Intangible assets, net	3,948	4,275
Deferred income taxes	1,024	870
Deposits	386	121
Total other assets	5,358	5,266
Total assets	\$64,399	\$63,323

See accompanying notes to consolidated financial statements.

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INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
CONTINUED

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2013 (Unaudited) (in thousands, except par value and share information)	December 31, 2012
Current liabilities		
Current maturities of long-term debt	\$1,693	\$1,687
Accounts payable	10,113	6,408
Interest rate swap liability	187	250
Other current liabilities	314	374
Total current liabilities	12,307	8,719
Long-term liabilities		
Long-term debt	20,898	23,369
Total long-term liabilities	20,898	23,369
Shareholders' equity		
Common stock, \$0.0033 par value: 10,000,000 shares authorized; 7,192,479 shares issued in 2013 and 2012; 6,944,267 shares outstanding in 2013 and 2012	24	24
Additional paid-in capital	18,317	18,281
Retained earnings	13,322	13,437
Accumulated other comprehensive loss	(112) (150
Treasury stock at cost, 248,212 shares in 2013 and 2012	(357) (357
Total shareholders' equity	31,194	31,235
Total liabilities and shareholders' equity	\$64,399	\$63,323

See accompanying notes to consolidated financial statements.

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INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 THREE MONTHS ENDED MARCH 31, 2013 AND 2012
 (IN THOUSANDS, EXCEPT PER SHARE DATA)
 (UNAUDITED)

	2013	2012	
Revenue from services	\$946	\$1,285	
Revenue from product sales	33,812	60,393	
Total revenue	34,758	61,678	
Cost of goods sold for services	883	1,193	
Cost of goods sold for product sales	31,835	56,982	
Total cost of goods sold	32,718	58,175	
Provision for employee terminations and severances	—	211	
Other selling, general and administrative expenses	2,448	2,760	
Total selling, general and administrative expenses	2,448	2,971	
(Loss) income before other income (expense)	(408) 532	
Other income (expense)			
Interest expense	(459) (539)
Interest income	1	3	
Gain on sale of assets	17	19	
Gain on lawsuit settlement	625	—	
Other gain (loss), net	9	—	
Total other income (expense)	193	(517)
(Loss) income before income taxes	(215) 15	
Income tax (benefit) provision	(100) 6	
Net (loss) income	\$(115) \$9	
Basic loss per share	\$(0.02) \$—	
Diluted loss per share	\$(0.02) \$—	
Weighted shares outstanding:			
Basic	6,944	6,941	
Diluted	6,944	6,964	

See accompanying notes to consolidated financial statements.

INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(UNAUDITED)

	2013	2012
	(in thousands)	
Net (loss) income	\$(115) \$9

Other comprehensive income: