

INDUSTRIAL SERVICES OF AMERICA INC /FL
Form 10-Q
January 10, 2014

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 September 30, 2013

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 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 o

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 o

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 o

Accelerated filer o

Non-accelerated filer o

Smaller reporting company x

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of January 9, 2014:
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

	September 30, 2013 (Unaudited) (in thousands)	December 31, 2012
Current assets		
Cash and cash equivalents	\$1,457	\$1,926
Income tax receivable	1,790	1,437
Accounts receivable – trade (after allowance for doubtful accounts of \$100.0 thousand in 2013 and 2012)	11,621	13,344
Inventories	14,933	16,529
Deferred income taxes	350	276
Prepaid expenses	148	330
Employee loans	4	5
Total current assets	30,303	33,847
Net property and equipment	22,388	24,210
Other assets		
Intangible assets, net	3,604	4,275
Deferred income taxes	1,535	870
Deposits	184	121
Total other assets	5,323	5,266
Total assets	\$58,014	\$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

	September 30, 2013 (Unaudited)	December 31, 2012
	(in thousands, except par value and share information)	
Current liabilities		
Current maturities of long-term debt	\$22,302	\$1,687
Accounts payable	6,279	6,408
Interest rate swap liability	89	250
Redeemable securities	500	—
Deposit from related party	500	—
Other current liabilities	508	374
Total current liabilities	30,178	8,719
Long-term liabilities		
Long-term debt	—	23,369
Total long-term liabilities	—	23,369
Shareholders' equity		
Common stock, \$0.0033 par value: 20,000,000 and 10,000,000 shares authorized in 2013 and 2012, respectively; 7,192,479 shares issued in 2013 and 2012; 7,069,267 and 6,944,267 shares outstanding in 2013 and 2012, respectively	24	24
Additional paid-in capital	18,149	18,281
Retained earnings	9,893	13,437
Accumulated other comprehensive loss	(53)	(150)
Treasury stock at cost, 123,212 and 248,212 shares in 2013 and 2012, respectively	(177)	(357)
Total shareholders' equity	27,836	31,235
Total liabilities and shareholders' equity	\$58,014	\$63,323

See accompanying notes to consolidated financial statements.

INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
 (IN THOUSANDS, EXCEPT PER SHARE DATA)
 (UNAUDITED)

	For the three months ended		For the nine months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenue from services	\$1,396	\$1,379	\$3,708	\$3,686
Revenue from product sales	31,915	44,350	104,484	153,573
Total revenue	33,311	45,729	108,192	157,259
Cost of goods sold for services	1,314	1,196	3,498	3,333
Cost of goods sold for product sales	30,745	42,558	100,054	147,088
Inventory adjustment for lower of cost or market	1,900	—	1,900	—
Total cost of goods sold	33,959	43,754	105,452	150,421
Provision for employee terminations and severances	—	—	—	228
Other selling, general and administrative expenses	2,318	2,528	7,464	7,971
Total selling, general and administrative expenses	2,318	2,528	7,464	8,199
Loss before other income (expense)	(2,966) (553) (4,724) (1,361
Other income (expense))
Interest expense	(568) (550) (1,636) (1,603
Interest income	—	3	2	8
(Loss) gain on sale of assets	(3) —		