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INDUSTRIAL SERVICES OF AMERICA INC

Form 10-Q

August 08, 2018

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xbri:shares xbri:pure utr:acre utr:M iso4217:USD iso4217:USD xbri:shares idsa:director idsa:roof idsa:item

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 June 30, 2018

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)

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Florida
(State or other jurisdiction of Incorporation or Organization)
7100 Grade Lane

59-0712746
(IRS Employer Identification No.)

Louisville, Kentucky 40213

(Address of principal executive offices)

(502) 366-3452

(Registrant's Telephone Number, Including Area Code)

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 (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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

(Check one):	Large accelerated filer	Accelerated filer
	Non-accelerated filer	Smaller reporting company
	Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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Indicate the number of shares issued and outstanding of each of the issuer's classes of common stock, as of August 6, 2018: 8,107,865.

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

	June 30, 2018	December 31,
	(Unaudited)	2017
		(in thousands)
Current assets		
Cash and cash equivalents	\$ 691	\$ 841
Accounts receivable – trade after allowance for doubtful accounts of \$60.0 thousand in 2018 and 2017	6,262	4,220
Receivables and other assets from related parties (Note 6)	48	92
Inventories (Note 2)	7,989	5,106
Prepaid expenses and other current assets	355	182
Total current assets	15,345	10,441
Net property and equipment	10,397	11,212
Other assets		
Deferred income taxes	27	27
Other non-current assets	240	187
Total other assets	267	214
Total assets	\$ 26,009	\$ 21,867

See accompanying notes to condensed consolidated financial statements.

INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

CONTINUED

LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2018 (Unaudited) (in thousands, except par value and share information)	December 31, 2017
Current liabilities		
Current maturities of long-term debt (Note 3)	\$ 6,924	\$ 5,018
Current maturities of long-term debt, related parties (Notes 3 and 6)	64	64
Current maturities of capital lease obligations (Note 4)	327	300
Checks in excess of bank	342	148
Accounts payable	3,422	1,784
Payables and accrued expenses to related parties (Note 6)	6	173
Income tax payable	10	2
Other current liabilities	541	765
Total current liabilities	11,636	8,254
Long-term liabilities		
Long-term debt, net of current maturities	57	—
Long-term debt, net of current maturities, related parties (Notes 3 and 6)	1,504	1,536
Capital lease obligations, net of current maturities (Note 4)	698	819
Total long-term liabilities	2,259	2,355
Shareholders' equity		
Common stock, \$0.0033 par value: 20.0 million shares authorized in 2018 and 2017; 8,107,865 and 8,089,129 shares issued and outstanding in 2018 and 2017	27	27
Additional paid-in capital	24,051	24,028
Stock warrants outstanding	1,025	1,025
Retained losses	(12,945)	(13,778)
Treasury stock at cost, 30,690 shares in 2018 and 2017	(44)	(44)
Total shareholders' equity	12,114	11,258
Total liabilities and shareholders' equity	\$ 26,009	\$ 21,867

See accompanying notes to condensed consolidated financial statements.

INDUSTRIAL SERVICES OF AMERICA, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(IN THOUSANDS, EXCEPT PER SHARE DATA)

(UNAUDITED)

	For the three months ended		For the six months ended	
	June 30,	June 30, 2017	June 30,	June 30,
	2018		2018	2017
Revenue from product sales				
Revenue from ferrous operations	\$ 8,003	\$ 5,300	\$ 15,048	\$ 9,897
Revenue from non-ferrous operations	8,292	7,875	15,607	15,870
Revenue from auto parts operations and other revenue	305	385	602	804
Total revenue from product sales	16,600	13,560	31,257	26,571
Cost of sales for product sales	15,103	12,880	28,548	24,960
Gross profit	1,497	680	2,709	1,611
Selling, general and administrative expenses	893	856	1,819	1,898
Income (loss) before other income (expense)	604	(176)	890	(287)
Other income (expense)				