

PERMA FIX ENVIRONMENTAL SERVICES INC
Form 10-Q
August 08, 2012

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period June 30, 2012
ended

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period to
from

Commission File No. 111596

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

58-1954497
(IRS Employer Identification Number)

8302 Dunwoody Place, Suite 250, Atlanta, GA
(Address of principal executive offices)

30350
(Zip Code)

(770) 587-9898
(Registrant's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

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(§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 definition 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 the close of the latest practical date.

Class	Outstanding at August 1, 2012
Common Stock, \$.001 Par Value	56,140,017 shares of registrant's Common Stock

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

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IndexPART I - FINANCIAL INFORMATION
ITEM 1. – Financial StatementsPERMA-FIX ENVIRONMENTAL SERVICES, INC.
Consolidated Balance Sheets
(Unaudited)

(Amount in Thousands, Except for Share and per Share Amounts)	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash	\$1,260	\$12,055
Restricted cash	35	1,535
Accounts receivable, net of allowance for doubtful accounts of \$275 and \$228, respectively	17,404	19,106
Unbilled receivables - current	13,308	9,871
Retainage receivable	540	912
Inventories	401	573
Prepaid and other assets	3,478	4,604
Deferred tax assets - current	3,300	2,426
Current assets related to discontinued operations	767	693
Total current assets	40,493	51,775
Property and equipment:		
Buildings and land	26,200	26,026
Equipment	34,463	34,283
Vehicles	823	818
Leasehold improvements	11,529	11,529
Office furniture and equipment	2,126	2,081
Construction-in-progress	746	764
	75,887	75,501
Less accumulated depreciation and amortization	(38,099)	(35,666)
Net property and equipment	37,788	39,835
Property and equipment related to discontinued operations	1,614	1,650
Intangibles and other long term assets:		
Permits	16,827	16,854
Goodwill	27,021	27,063
Other intangible assets - net	3,906	4,258
Unbilled receivables – non-current	381	424
Finite risk sinking fund	21,253	19,354
Deferred tax asset, net of liabilities	1,295	1,295
Other assets	1,623	1,595
Total assets	\$152,201	\$164,103

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

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Consolidated Balance Sheets, Continued
(Unaudited)

(Amount in Thousands, Except for Share and per Share Amounts)	June 30, 2012	December 31, 2011
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$10,747	\$13,117
Accrued expenses	7,340	9,533
Disposal/transportation accrual	2,025	1,957
Unearned revenue	2,691	6,260
Billings in excess of costs and estimated earnings	3,043	3,226
Current liabilities related to discontinued operations	2,040	2,197
Current portion of long-term debt	3,649	3,936
Total current liabilities	31,535	40,226
Accrued closure costs	11,715	11,937
Other long-term liabilities	643	610
Deferred tax liability	54	¾
Long-term liabilities related to discontinued operations	1,873	1,775
Long-term debt, less current portion	13,814	15,007
Total long-term liabilities	28,099	29,329
Total liabilities	59,634	69,555
Commitments and Contingencies		
Preferred Stock of subsidiary, \$1.00 par value; 1,467,396 shares authorized, 1,284,730 shares issued and outstanding, liquidation value \$1.00 per share plus accrued and unpaid dividends	1,285	1,285
Stockholders' Equity:		
Preferred Stock, \$.001 par value; 2,000,000 shares authorized, no shares issued and outstanding	¾	¾
Common Stock, \$.001 par value; 75,000,000 shares authorized, 56,133,185 and 56,068,248 shares issued, respectively; 56,094,975 and 56,030,038 shares outstanding, respectively	56	56
Additional paid-in capital	102,611	102,411
Accumulated deficit	(11,846)	(9,505)
Accumulated other comprehensive income (loss)	(1)	(3)
Less Common Stock in treasury at cost; 38,210 shares	(88)	(88)
Total Perma-Fix Environmental Services, Inc. stockholders' equity	90,732	92,871
Noncontrolling interest	550	392
Total stockholders' equity	91,282	93,263
Total liabilities and stockholders' equity	\$152,201	\$164,103

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

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(Amounts in Thousands, Except for Per Share Amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net revenues	\$33,978	\$28,913	\$72,051	\$52,528
Cost of goods sold	30,204	20,864	63,976	41,449
Gross profit	3,774	8,049	8,075	11,079
Selling, general and administrative expenses	4,589	3,436	9,627	6,808
Research and development	574	395	937	661
Gain on disposal of property and equipment	(3)	¾	(3)	¾
(Loss) income from operations	(1,386)	4,218	(2,486)	3,610
Other income (expense):				
Interest income	7	13	21	26
Interest expense	(199)	(183)	(420)	(359)
Interest expense-financing fees	(26)	(54)	(60)	(156)
Other	1	3	1	3
(Loss) income from continuing operations before taxes	(1,603)	3,997	(2,944)	3,124
Income tax (benefit) expense	(474)	1,445	(959)	1,105
(Loss) income from continuing operations, net of taxes	(1,129)	2,552	(1,985)	2,019
(Loss) income from discontinued operations, net of taxes	(60)	(32)	(198)	180
Net (loss) income	(1,189)	2,520	(2,183)	2,199
Less: net income attributable to noncontrolling interest	102	¾	158	¾
Net (loss) income attributable to Perma-Fix Environmental Services, Inc. common stockholders	\$(1,291)	\$2,520	\$(2,341)	\$2,199
Net (loss) income per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - basic:				
Continuing operations	\$(.02)	\$.05	\$(.04)	\$.04
Discontinued operations	\$¾	\$¾	\$¾	\$¾
Net (loss) income per common share	\$(.02)	\$.05	\$(.04)	\$.04
Net (loss) income per common share attributable to Perma-Fix Environmental Services, Inc. stockholders - diluted:				
Continuing operations	\$(.02)	\$.05	\$(.04)	\$.04
Discontinued operations	\$¾	\$¾	\$¾	\$¾
Net (loss) income per common share	\$(.02)	\$.05	\$(.04)	\$.04

Number of common shares used in computing net (loss)
income per share:

Basic	56,094	55,136	56,078	55,118
Diluted	56,094	55,136	56,078	55,123

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

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
Consolidated Statements of Comprehensive (Loss) Income
(Unaudited)

(Amounts in Thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net (loss) income	\$ (1,189)	\$ 2,520	\$ (2,183)	\$ 2,199
Other comprehensive (loss) income:				
Foreign currency translation (loss) gain	(9)		2	
Total other comprehensive (loss) income	(9)		2	
Comprehensive (loss) income	(1,198)	2,520	(2,181)	2,199
Comprehensive income attributable to non-controlling interest	102		158	
Comprehensive (loss) income attributable to Perma-Fix Environmental Services, Inc. stockholders	\$ (1,300)	\$ 2,520	\$ (2,339)	\$ 2,199

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

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PERMA-FIX ENVIRONMENTAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in Thousands)	Six Months Ended June 30,	
	2012	2011
Cash flows from operating activities:		
Net (loss) income	\$(2,183)	\$2,199
Less: (loss) income on discontinued operations	(198)	180
(Loss) income from continuing operations	(1,985)	2,019
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization	3,443	2,332
Amortization of debt discount	12	121
Amortization of fair value of customer contracts	(1,943)	
Deferred tax (benefit) expense	(959)	1,227
Provision (benefit) for bad debt and other reserves	43	(15)
Gain on disposal of plant, property and equipment	(3)	
Foreign exchange gain	2	
Issuance of common stock for services	102	108
Stock-based compensation	98	192
Changes in operating assets and liabilities of continuing operations, net of effect from business acquisitions:		
Accounts receivable	2,031	(6,322)
Unbilled receivables	(3,632)	(322)
Prepaid expenses, inventories and other assets	651	667
Accounts payable, accrued expenses and unearned revenue	(6,557)	4,126
Cash (used in) provided by continuing operations	(8,697)	4,133
Cash used in discontinued operations	(372)	(31)
Cash (used in) provided by operating activities	(9,069)	4,102
Cash flows from investing activities:		
Purchases of property and equipment	(387)	(1,689)
Change in restricted cash, net	1,500	
Proceeds from sale of plant, property and equipment	3	
Payment to finite risk sinking fund	(1,899)	(1,905)
Cash used in investing activities of continuing operations	(783)	(3,594)
Cash used in investing activities of discontinued operations		(135)
Net cash used in investing activities	(783)	(3,729)
Cash flows from financing activities:		
Net borrowing of revolving credit	643	1,047
Principal repayments of long term debt	(2,134)	(2,124)
Proceeds from finite risk financing	565	685
Cash used in financing activities of continuing operations	(926)	(392)
Principal repayments of long term debt for discontinued operations	(17)	(55)
Cash used in financing activities	(943)	(447)

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Decrease in cash	(10,795)	(74)
Cash at beginning of period	12,055	101
Cash at end of period	\$1,260	\$27

Supplemental disclosure:

Interest paid	\$479
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