

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report: March 6, 2003

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(Date of earliest event reported)

APPLIANCE RECYCLING CENTERS OF AMERICA, INC.

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(Exact name of registrant as specified in its charter)

MINNESOTA	000-19621	41-1454591
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(State or other jurisdiction of incorporation or organization)	Commission File No.	(I.R.S. Employer Identification No.)

7400 EXCELSIOR BOULEVARD MINNEAPOLIS, MN	55426-4517
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(Address of principal executive offices)	

(952) 930-9000

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(Registrant's telephone number, including area code)

Item 5. Other Events.

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On March 5, 2003, Appliance Recycling Centers of America, Inc. issued a press release announcing its 2002 operating results. The Company reported revenues of \$45,720,000 and net income of \$332,000 or \$.10 per diluted share for its year ended December 28, 2002. A copy of the press release is attached as an exhibit to this filing on Form 8-K.

Item 7(c). Exhibits.

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99 Press Release dated March 5, 2003, announcing its 2002 operating results.

Date: March 6, 2003

/s/ Linda Koenig

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Linda Koenig, Controller

[LOGO]

ARCA Appliance Recycling Centers of America, Inc.  
INCORPORATED 7400 Excelsior Boulevard, Minneapolis MN 55426 (952) 930-9000

FOR IMMEDIATE RELEASE

FOR MORE INFORMATION CONTACT:  
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(612) 338-0810

APPLIANCE RECYCLING CENTERS OF AMERICA REPORTS FOURTH QUARTER RESULTS

FOURTH QUARTER SAME-STORE APPLIANCE SALES UP 7%; 12% FOR FULL YEAR

MINNEAPOLIS, MN--MARCH 5, 2003--Appliance Recycling Centers of America, Inc. (OTC BB: ARCI) today reported revenues of \$9,208,000 for the fourth quarter of 2002 ended December 28, down from \$12,306,000 in the year-earlier period. The Company also reported a net loss of \$717,000 or \$0.24 per diluted share, compared to earnings of \$360,000 or \$0.11 per diluted share in the fourth quarter of 2001.

For full-year 2002, revenues totaled \$45,720,000, up modestly from \$43,810,000 in 2001. Net income for 2002 came to \$332,000 or \$0.10 per diluted share, compared to \$2,646,000 or \$0.86 per diluted share in 2001.

ARCA ended the year with cash and investments of \$2,802,000, up from \$506,000 at the beginning of 2002. The majority of the increased cash was generated by refinancing two facilities. A portion of the total cash proceeds from these financings was used to pay down most of the Company's highest rate long-term debt. The significantly lower interest rates on its new mortgages and the pay down of its most costly debt are expected to have a positive impact on ARCA's overall cost structure during the coming year.

Edward R. (Jack) Cameron, president and chief executive officer, commented: "ARCA's ApplianceSmart retail operation continued making excellent progress in 2002. Despite the nation's persistently weak economy, ApplianceSmart's same-store and total retail sales increased strongly,

reflecting growing consumer acceptance of our special-buy retail concept and our ability to successfully execute this strategy. Much of the strong showing of our ApplianceSmart operation was offset by reduced appliance recycling volumes in support of California residential energy conservation programs. In comparison to 2001 during the state's energy crisis, residential energy conservation has ceased being a front burner issue in California for the time being. This dramatic change resulted in a lower number of California residential energy conservation initiatives in 2002."

ApplianceSmart fourth quarter same-store sales, a comparison of the eight factory outlets open during the complete fourth quarters of 2002 and 2001, increased 7.0%. For the five factory outlets open during full years 2002 and 2001, same store sales were up 12.3%. Total retail sales in this year's fourth quarter increased 13% and were up 36% for the year. One new ApplianceSmart factory outlet was opened in 2002: a 30,000-square-foot superstore in a retail complex in Reynoldsburg, Ohio, a suburb of Columbus. ApplianceSmart opened a 33,000-square-foot factory outlet superstore in Champlin, Minnesota in February 2003. Sited at a high-traffic location in a rapidly growing Minneapolis-St. Paul suburb, the new Champlin factory outlet is ApplianceSmart's fourth in the Twin Cities.

In January 2003, ApplianceSmart became a provider of reverse logistics services for the GE Consumer Products unit of GE (NYSE: GE), enabling ApplianceSmart to sell special-buy GE appliances through its factory outlets. As a result of this new relationship, ApplianceSmart is now selling the special-buy appliances of the nation's four largest appliance manufacturers: Maytag, Whirlpool, Frigidaire and GE.

Recycling revenues declined 70% in the fourth quarter from the year-earlier period and by 29% for the year. During 2001, ARCA recycled an all-time record 138,000 refrigerators, freezers and window air conditioners under three California energy conservation programs. This large number of appliances recycled was driven by the urgent need to address the state's energy crisis at that time. With the passing of the California energy crisis, ARCA's recycling volumes declined to approximately 89,000 appliances during the past year. By year-end 2002, two of these three energy conservation program had lapsed, leaving only California's statewide recycling program.

Cameron said: "We currently believe 2003 will be another year of solid growth for ApplianceSmart, and we plan to continue investing in this operation with the goals of opening additional factory outlets and further strengthening the ApplianceSmart brand image through aggressive advertising. California's 2002

statewide program has been rolled over into this year's first quarter, pending approval of the 2003 program by the Public Utilities Commission. At this time, we are seeing indications of renewed interest in residential energy conservation programs by electric utilities around the nation. This interest is being spurred by consumer demand for greater energy efficiency due to steadily rising energy prices. ARCA is currently pursuing various recycling opportunities that could have a positive impact on our recycling operations in 2003."

ABOUT ARCA

Through its ApplianceSmart (www.ApplianceSmart.com) operation, ARCA is one of the nation's leading retailers of special-buy household appliances, primarily those manufactured by Whirlpool Corporation, Maytag Corporation, Frigidaire and GE. These special-buy appliances, which include close-outs, factory overruns and scratch-and-dent units, typically are not integrated into the manufacturer's normal distribution channel. ApplianceSmart sells these virtually new appliances at a discount to full retail, offers a 100% money-back guarantee and provides warranties on parts and labor. As of February 2003, ApplianceSmart was operating nine factory outlets: four in the Minneapolis/St. Paul market; three in the Columbus, Ohio, market; one in the Dayton, Ohio, market; and one in Los Angeles. ARCA is also one of the nation's largest recyclers of major household appliances for the energy conservation programs of electric utilities.

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 Statements about ARCA's outlook are forward-looking and involve risks and uncertainties, including but not limited to: the strength of recycling programs, the growth of appliance retail sales, the speed at which individual retail stores reach profitability, and other factors discussed in the Company's filings with the Securities and Exchange Commission.  
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Visit our web site at [www.arcainc.com](http://www.arcainc.com)  
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APPLIANCE RECYCLING CENTERS OF AMERICA, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 4th Quarter 2002 Results  
 (000'S OMITTED EXCEPT FOR SHARE AMOUNTS)

<TABLE>  
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MONTHS ENDED	THREE MONTHS ENDED		TWELVE
	DEC. 28 2002	DEC. 29 2001	DEC. 28 2002
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DEC. 29 2001	DEC. 28 2002	DEC. 29 2001	DEC. 28 2002
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REVENUES			
Retail	\$7,430	\$6,585	\$29,893
\$22,037			
Recycling	1,596	5,375	14,625
20,506			
Byproduct	182	346	1,202
1,267			
-----	-----	-----	-----
Total revenues	\$9,208	\$12,306	\$45,720
\$43,810			
COST OF REVENUES			
26,481	6,474	7,654	29,946
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Gross profit	\$2,734	\$4,652	\$15,774
\$17,329			
SELLING, GENERAL & Administrative Expenses			
12,580	3,636	3,874	14,032
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Operating income (loss)	(\$902)	\$778	\$1,742
\$4,749			
OTHER INCOME (EXPENSE)			
Other income	26	17	47
88			
Interest expense	(323)	(284)	(1,236)
(1,074)			
-----	-----	-----	-----
Income (loss) before provision for income taxes	(\$1,199)	\$511	\$553
\$3,763			
PROVISION (BENEFIT) FOR INCOME TAXES	(482)	151	221
1,117			
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NET INCOME (LOSS)	(\$717)	\$360	\$332
\$2,646			
=====	=====	=====	=====
BASIC INCOME (LOSS) PER COMMON SHARE	(0.31)	0.16	0.14
1.15			
=====	=====	=====	=====
DILUTED INCOME (LOSS) PER COMMON SHARE	(0.24)	0.11	0.10
0.86			
=====	=====	=====	=====
BASIC WEIGHTED AVERAGE NO. OF COMMON SHARES OUTSTANDING	2,324	2,297	2,320
2,291			
=====	=====	=====	=====
DILUTED WEIGHTED AVERAGE NO. OF COMMON SHARES OUTSTANDING	3,008	3,307	3,196
3,068			
=====	=====	=====	=====
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