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# 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: **August 14, 2003**  
(Date of earliest event reported)

### Appliance Recycling Centers of America, Inc.

(Exact name of registrant as specified in its charter)

**Minnesota**  
(State or other jurisdiction of  
incorporation or organization)

**000-19621**  
Commission  
File No.

**41-1454591**  
(I.R.S. Employer  
Identification No.)

**7400 Excelsior Boulevard**  
**Minneapolis, MN**  
(Address of principal executive offices)

**55426-4517**

**(952) 930-9000**  
(Registrant's telephone number, including area code)

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#### ITEM 7: FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits

**Exhibit  
Number**

**Description**

99.1

Press Release dated August 12, 2003

#### ITEM 12: RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following information is furnished pursuant to Item 12, "Disclosure of Results of Operations and Financial Condition."

On August 12, 2003, Appliance Recycling Centers of America, Inc. issued a press release announcing its second quarter results. The Company reported revenues of \$10,722,000 for the second quarter of 2003 ended June 28, down from \$11,734,000 in the year-earlier period. The Company also reported a net loss of \$475,000 or \$0.20 per diluted share, compared to earnings of \$537,000 or \$0.16 per diluted share in the second quarter of 2002. A copy of the press release is attached as an exhibit to this filing on Form 8-K.

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#### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APPLIANCE RECYCLING CENTERS OF AMERICA, INC.

Date: August 14, 2003

/s/ Linda Koenig  
Linda Koenig, Vice President of Finance

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Exhibit  
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99.1

Press Release dated August 12, 2003



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

FOR IMMEDIATE RELEASE

FOR MORE INFORMATION CONTACT:  
 Edward R. (Jack) Cameron (952) 930-9000  
 Richard G. Cinquina, Equity Market Partners  
 (612) 338-0810

### **Appliance Recycling Centers of America Reports Second Quarter Results**

#### **Same-Store ApplianceSmart Sales Up 27%**

**Minneapolis, MN—August 12, 2003**—Appliance Recycling Centers of America, Inc. (OTC BB: ARCI) today reported revenues of \$10,722,000 for the second quarter of 2003 ended June 28, down from \$11,734,000 in the year-earlier period. The Company also reported a net loss of \$475,000 or \$0.20 per diluted share, compared to earnings of \$537,000 or \$0.16 per diluted share in the second quarter of 2002.

For the first six months of 2003, revenues totaled \$20,748,000, compared to \$23,433,000 in the same period of 2002. ARCA's first half net loss came to \$1,292,000 or \$0.55 per diluted share, compared to earnings of \$775,000 or \$0.23 per diluted share last year.

Second quarter same-store sales of the seven ApplianceSmart factory outlets that were open during the complete second quarters of 2003 and 2002 were up 27%. Total retail sales increased 18% for the quarter, driven in part by a strong contribution from the Champlin, Minnesota, outlet that opened in this year's first quarter. The Champlin factory outlet, designed as a warehouse environment in an excellent, high-traffic location, has performed exceptionally well since its opening.

The strong continued growth of the ApplianceSmart operation did not offset the anticipated drop in appliance recycling revenues. Total recycling revenues decreased by 51% for the second quarter of 2003, compared to the same period in 2002. In last year's second quarter, recycling revenues were generated by two California energy conservation programs, one of which was started in response to the

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energy crisis affecting California in 2001. With the passing of California's energy crisis, only an ongoing statewide program is now operating, which is being conducted under an extension of the 2002 program pending final action by Southern California Edison on the 2003 program. As a result, ARCA's recycling volumes declined significantly during this year's first half in comparison to the first six months of 2002.

Edward R. (Jack) Cameron, president and chief executive officer, commented: "We are extremely encouraged by ApplianceSmart's strong ongoing performance. Attained amid sluggish economic conditions, the strength of our retail sales is lending further credence to the validity of ApplianceSmart's special-buy retail concept. As previously reported, we completed the restructuring of ApplianceSmart's Ohio business by closing our two outlets in the underperforming Dayton market and by strengthening the management and systems of our Columbus operations. We are now starting to see the initial positive results from these actions. Having successfully dealt with this issue, we are now evaluating locations for our next ApplianceSmart factory outlet."

#### **About ARCA**

Through its ApplianceSmart ([www.ApplianceSmart.com](http://www.ApplianceSmart.com)) operation, ARCA is one of the nation's leading retailers of special-buy household appliances, primarily those manufactured by Maytag, GE, Frigidaire and Whirlpool. 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 July 2003, ApplianceSmart was operating eight factory outlets: four in the Minneapolis/St. Paul market; three in the Columbus, 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.

# # #

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.

Visit our web site at [www.arcainc.com](http://www.arcainc.com)

### **Appliance Recycling Centers of America, Inc. and Subsidiaries**

#### **CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

2<sup>nd</sup> Quarter 2003 Results

(000's omitted except for per-share amounts)

	Three months ended		Six months ended	
	June 28 2003	June 29 2002	June 28 2003	June 29 2002
<b>Revenues</b>				
Retail	\$ 8,410	\$ 7,145	\$ 17,038	\$ 14,482
Recycling	2,078	4,204	3,393	8,304

ByProduct	<u>234</u>	<u>385</u>	<u>317</u>	<u>647</u>
Total revenues	<u>10,722</u>	<u>11,734</u>	<u>20,748</u>	<u>23,433</u>
<b>Cost of revenues</b>	<u>7,942</u>	<u>7,245</u>	<u>15,538</u>	<u>14,970</u>
Gross profit	<u>2,780</u>	<u>4,489</u>	<u>5,210</u>	<u>8,463</u>
<b>Selling, General &amp; Administrative Expenses</b>	<u>3,289</u>	<u>3,339</u>	<u>6,798</u>	<u>6,658</u>
Operating income (loss)	<u>(509)</u>	<u>1,150</u>	<u>(1,588)</u>	<u>1,805</u>
<b>Other Income (Expense)</b>				
Other income (expense)	<u>(11)</u>	<u>10</u>	<u>(1)</u>	<u>17</u>
Interest expense	<u>(191)</u>	<u>(263)</u>	<u>(360)</u>	<u>(528)</u>
Income (loss) before provision for income taxes	<u>(711)</u>	<u>897</u>	<u>(1,949)</u>	<u>1,294</u>
<b>Provision (Benefit) for Income Taxes</b>	<u>(236)</u>	<u>360</u>	<u>(657)</u>	<u>519</u>
<b>Net income (loss)</b>	<u>\$ (475)</u>	<u>\$ 537</u>	<u>\$ (1,292)</u>	<u>\$ 775</u>
<b>Basic Income (Loss) per Common Share</b>	<u>\$ (0.20)</u>	<u>\$ 0.23</u>	<u>\$ (0.55)</u>	<u>\$ 0.33</u>
<b>Diluted Income (Loss) per Common Share</b>	<u>\$ (0.20)</u>	<u>\$ 0.16</u>	<u>\$ (0.55)</u>	<u>\$ 0.23</u>
<b>Basic Weighted average no. of common shares outstanding</b>	<u>2,344</u>	<u>2,320</u>	<u>2,340</u>	<u>2,316</u>
<b>Diluted Weighted average no. of common shares outstanding</b>	<u>2,344</u>	<u>3,291</u>	<u>2,340</u>	<u>3,303</u>