

**UNITED STATES  
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 (Date of earliest event reported)

**October 29, 2004**

**Appliance Recycling Centers of America, Inc.**

(Exact name of registrant as specified in its charter)

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

**000-19621**  
(Commission  
File Number)

**41-1454591**  
(IRS Employer  
Identification No.)

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

**55426-4517**  
(Zip Code)

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

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**TABLE OF CONTENTS**

[SIGNATURES](#)

[Exhibit Index](#)

EX099.1 PRESS RELEASE

2

ITEM 2.02: RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

On October 29, 2004, Appliance Recycling Centers of America, Inc. issued a press release announcing revenues of \$14,543,000 in the third quarter of 2004 ended October 2, an increase of 23% from \$11,865,000 in the year-earlier period. ARCA reported net income of \$260,000 or \$0.08 per diluted share, a significant improvement from earnings of \$41,000 or \$0.01 per diluted share in the third quarter of 2003.

ITEM 9.01: FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits

**Exhibit  
Number**

**Description**

99.1 Press Release dated October 29, 2004

3

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: October 29, 2004

Linda Koenig

**Exhibit Index**

<b>Exhibit Number</b>	<b>Description</b>
99.1	Press Release dated October 29, 2004

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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

#### Returns to Profitability in Third Quarter

**Minneapolis, MN—October 29, 2004**—Appliance Recycling Centers of America, Inc. (OTC BB: ARCI) today reported revenues of \$14,543,000 in the third quarter of 2004 ended October 2, an increase of 23% from \$11,865,000 in the year-earlier period. ARCA reported net income of \$260,000 or \$0.08 per diluted share, a significant improvement from earnings of \$41,000 or \$0.01 per diluted share in the third quarter of 2003.

For the first nine months of 2004, revenues totaled \$39,135,000, up 20% from \$32,613,000 in the comparable period of 2003. ARCA's net loss for this period came to \$514,000 or \$0.21 per share, down significantly from the net loss of \$1,251,000 or \$0.53 per share in the first nine months of 2003.

Same-store sales of the eight ApplianceSmart factory outlets that were open during the complete third quarters of 2004 and 2003 rose 9%. Total retail sales of all nine ApplianceSmart outlets rose 18% to \$10,838,000 on a quarter-over-quarter basis, which included a strong contribution from the new factory outlet serving the Atlanta market.

ARCA recently announced that three new ApplianceSmart outlet stores will be opened during the fourth quarter: in St. Paul, Minnesota (the fifth in the Minneapolis/St. Paul market), in Atlanta (a combination factory outlet and distribution center, the second facility in this market),

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and in San Antonio, Texas (a new market for ApplianceSmart). This expansion will increase the number of ApplianceSmart outlets nationally to 12.

Recycling revenues came to \$3,199,000 in the third quarter, an increase of 29% from the year-earlier period. This strong growth reflected the positive impact of consistent and effective advertising in support of California's Statewide Residential Appliance Recycling Program. Third quarter recycling revenues also included a contribution from a new residential energy conservation program in Connecticut, jointly sponsored by The United Illuminating Company and The Connecticut Light & Power Company. In addition, initial revenues were recognized from a one-year contract with San Diego Gas & Electric.

Edward R. (Jack) Cameron, president and chief executive officer, commented: "Reflecting ongoing initiatives to strengthen all aspects of our operations, we have reported steadily improving results during the past year, culminating in our return to a solid level of profitability in the third quarter. We are also very encouraged by our ability to invest in our ApplianceSmart operation and thus open three new superstores in this year's fourth quarter. The majority of the expenses associated with these store openings will be incurred during this period, which will affect ARCA's fourth quarter results. As a result of this expansion, we will enter 2005 with 12 ApplianceSmart outlet stores. Equally encouraging, we expect to experience no interruption in first quarter recycling volumes due to our two-year contract for handling California's 2004-2005 statewide energy conservation program. Given these factors, we are optimistic about ARCA's prospects as we look ahead to 2005."

#### 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 October 2004, ApplianceSmart was operating nine factory outlets: four in the Minneapolis/St. Paul market; three in the Columbus, Ohio, market; one in the Atlanta market; and one in Los Angeles.

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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.

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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)

3<sup>rd</sup> Quarter 2004 Results

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

	Three months ended		Nine months ended	
	Oct. 2 2004	Sept. 27 2003	Oct. 2 2004	Sept. 27 2003
<b>Revenues</b>				
Retail	\$ 10,838	\$ 9,189	\$ 31,161	\$ 26,227

Recycling	3,199	2,479	6,854	5,872
Byproduct	506	197	1,120	514
Total revenues	14,543	11,865	39,135	32,613
<b>Cost of revenues</b>	<b>10,041</b>	<b>8,393</b>	<b>27,661</b>	<b>23,931</b>
Gross profit	4,502	3,472	11,474	8,682
<b>Selling, General &amp; Administrative Expenses</b>	<b>4,086</b>	<b>3,223</b>	<b>11,516</b>	<b>10,021</b>
Operating income (loss)	416	249	(42)	(1,339)
<b>Other Income (Expense)</b>				
Other income (expense)	33	(4)	22	(5)
Interest expense	(187)	(187)	(558)	(547)
Income (loss) before provision for income taxes	262	58	(578)	(1,891)
<b>Provision (Benefit of) for Income Taxes</b>	<b>2</b>	<b>17</b>	<b>(64)</b>	<b>(640)</b>
<b>Net income (loss)</b>	<b>\$ 260</b>	<b>\$ 41</b>	<b>\$ (514)</b>	<b>\$ (1,251)</b>
<b>Basic Income (Loss) per Common Share</b>	<b>\$ 0.09</b>	<b>\$ 0.02</b>	<b>\$ (0.21)</b>	<b>\$ (0.53)</b>
<b>Diluted Income (Loss) per Common Share</b>	<b>\$ 0.08</b>	<b>\$ 0.01</b>	<b>\$ (0.21)</b>	<b>\$ (0.53)</b>
<b>Basic Weighted Average No. of Common Shares Outstanding</b>	<b>2,986</b>	<b>2,344</b>	<b>2,429</b>	<b>2,341</b>
<b>Diluted Weighted Average No. of Common Shares Outstanding</b>	<b>3,095</b>	<b>2,897</b>	<b>2,429</b>	<b>2,341</b>