

Information Services Group Inc.
Form 10-Q
May 11, 2015

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

- x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2015

OR

- o 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 001-33287

INFORMATION SERVICES GROUP, INC.

(Exact name of Registrant as specified in its charter)

Delaware

20-5261587

Edgar Filing: Information Services Group Inc. - Form 10-Q

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

**Two Stamford Plaza
281 Tresser Boulevard
Stamford, CT 06901**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(203) 517-3100**

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 x No o

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 (§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 x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act). (Check one):

Large accelerated filer o

Accelerated filer x

Non-accelerated filer o

Smaller reporting company o

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, \$0.001 par value

Outstanding at April 30, 2015
37,162,822 shares

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may, should, could, would, expect, plan, anticipate, believe, estimate, the negative of such terms or other similar expressions. The actual results of ISG may vary materially from those expected or anticipated in these forward-looking statements. The realization of such forward-looking statements may be impacted by certain important unanticipated factors. Because of these and other factors that may affect ISG's operating results, past performance should not be considered as an indicator of future performance, and investors should not use historical results to anticipate results or trends in future periods. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers should carefully review the risk factors described in this and other documents that ISG files from time to time with the Securities and Exchange Commission, including subsequent Current Reports on Form 8-K, Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K.

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****INFORMATION SERVICES GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(In thousands, except par value)**

	March 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 17,210	\$ 27,662
Accounts receivable, net of allowance of \$222 and \$234, respectively	42,604	41,148
Deferred tax asset	1,055	1,138
Prepaid expense and other current assets	2,621	2,130
Total current assets	63,490	72,078
Restricted cash	325	364
Furniture, fixtures and equipment, net	3,260	3,478
Goodwill	36,302	36,400
Intangible assets, net	16,971	18,335
Other assets	4,595	3,514
Total assets	\$ 124,943	\$ 134,169
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND STOCKHOLDERS EQUITY		
Current liabilities		
Accounts payable	\$ 6,266	\$ 7,312
Current maturities of long-term debt	4,219	3,938
Deferred revenue	4,814	4,898
Accrued expenses	15,375	21,116
Total current liabilities	30,674	37,264
Long-term debt, net of current maturities	48,309	49,434
Other liabilities	4,848	6,007
Total liabilities	83,831	92,705
Commitments and contingencies (Note 6)		
Redeemable noncontrolling interest	820	747
Stockholders equity		
Preferred stock, \$.001 par value; 10,000 shares authorized; none issued		

Edgar Filing: Information Services Group Inc. - Form 10-Q

Common stock, \$.001 par value, 100,000 shares authorized; 37,943 shares issued and 37,093 shares outstanding at March 31, 2015 and 37,943 shares issued and 36,762 outstanding at December 31, 2014	38	38
Additional paid-in-capital	202,948	204,525
Treasury stock (850 and 1,181 common shares, respectively, at cost)	(3,486)	(5,244)
Accumulated other comprehensive loss	(6,021)	(4,582)
Accumulated deficit	(153,187)	(154,020)
Total stockholders' equity	40,292	40,717
Total liabilities, redeemable noncontrolling interest and stockholders' equity	\$ 124,943	\$ 134,169

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

INFORMATION SERVICES GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands, except per share data)

	2015	Three Months Ended March 31,	2014
Revenues	\$	50,539	\$ 48,241
Operating expenses			
Direct costs and expenses for advisors		30,438	29,812
Selling, general and administrative		16,410	15,655
Depreciation and amortization		1,718	1,738
Operating income		1,973	1,036
Interest income		2	2
Interest expense		(498)	(518)
Foreign currency transaction gain (loss)		374	(14)
Income before taxes		1,851	506
Income tax provision		944	418
Net income		907	88
Net income attributable to noncontrolling interest		54	25
Net income attributable to ISG	\$	853	\$ 63
Weighted average shares outstanding:			
Basic		37,032	37,383
Diluted		38,490	38,861
Earnings per share attributable to ISG:			