

ADA-ES INC
Form 10-Q
November 09, 2012

United States
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012

or

TRANSITION REPORT PURSUANT TO 13 OR 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 000-50216

ADA-ES, INC.

(Exact name of registrant as specified in its charter)

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Colorado
(State or other jurisdiction of
incorporation or organization)

84-1457385
(I.R.S. Employer
Identification No.)

9135 South Ridgeline Boulevard, Suite 200,

Highlands Ranch, Colorado
(Address of principal executive offices)

80129
(Zip Code)

(303) 734-1727

(Registrant's telephone number, including area code)

Not Applicable

(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 (§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 the definitions 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. (Check one): Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Class	Outstanding at October 31, 2012
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Common Stock, no par value

10,026,469

Part I. - FINANCIAL INFORMATION**Item 1. Consolidated Financial Statements****ADA-ES, Inc. and Subsidiaries****Consolidated Balance Sheets***(Amounts in thousands, except share data)*

	September 30, 2012 (Unaudited)	December 31, 2011 (Restated, See Note 14)
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 17,531	\$ 40,879
Receivables, net of allowance for doubtful accounts	10,042	5,914
Investment in securities	1,893	508
Prepaid expenses and other assets	2,792	1,532
Total current assets	32,258	48,833
Property and Equipment, at cost	52,724	41,771
Less accumulated depreciation and amortization	(7,769)	(4,651)
Net property and equipment	44,955	37,120
Other Assets		
Investment in unconsolidated entity	1,490	590
Other assets	3,891	931
Total other assets	5,381	1,521
Total Assets	\$ 82,594	\$ 87,474
<u>LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS DEFICIT</u>		
Current Liabilities		
Accounts payable	\$ 6,745	\$ 8,849
Accounts payable - related parties	3,327	1,209
Accrued payroll and related liabilities	1,611	2,545
Line of credit and current portion of notes payable	10,903	10,873
Deposits	11,900	14,900
Deferred revenue and other liabilities	10,914	5,105
Settlement awards and related accrued liabilities	3,801	3,983
Total current liabilities	49,201	47,464
Long-term Liabilities		
Line of credit and long-term portion of notes payable	2,447	3,624
Settlement awards and indemnity liability	2,500	5,200
Deferred revenue	1,965	
Accrued warranty and other liabilities	692	632
Total long-term liabilities	7,604	9,456

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Total Liabilities	56,805	56,920
Commitments and Contingencies (Note 12)		
Temporary Equity - Non-controlling Interest Subject to Possible Redemption	60,000	60,000
Stockholders Deficit		
ADA-ES, Inc. stockholders deficit		
Preferred stock: 50,000,000 shares authorized, none outstanding		
Common stock: no par value, 50,000,000 shares authorized, 10,020,106 and 9,996,144 shares issued and outstanding, respectively	63,578	63,184
Accumulated deficit	(74,360)	(66,694)
Total ADA-ES, Inc. stockholders deficit	(10,782)	(3,510)
Non-controlling interest	(23,429)	(25,936)
Total Stockholders Deficit	(34,211)	(29,446)
Total Liabilities, Temporary Equity and Stockholders Deficit	\$ 82,594	\$ 87,474

See accompanying notes.

ADA-ES, Inc. and Subsidiaries

Consolidated Statements of Operations

(Amounts in thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
		(Restated, See Note 14)		(Restated, See Note 14)
Revenues				
Refined coal	\$ 70,197	\$ 9,160	\$ 133,722	\$ 19,994
Emission control	3,480	3,095	10,209	6,837
CO ₂ capture	676	977	1,153	1,894
Total revenues	74,353	13,232	145,084	28,725
Cost of Revenues				
Refined coal	67,269	3,487	121,220	4,075
Emission control	2,683	1,955	7,838	3,753
CO ₂ capture	444	636	643	1,201
Total cost of revenues	70,396	6,078	129,701	9,029
Gross Margin before Depreciation and Amortization	3,957	7,154	15,383	19,696
Other Costs and Expenses				
General and administrative	5,173	2,932	12,852	14,596
Research and development	882	506	2,064	1,396
Depreciation and amortization	1,239	216	3,444	608
Total expenses	7,294	3,654	18,360	16,600
Operating Income (Loss)	(3,337)	3,500	(2,977)	3,096
Other Income (Expense):				
Net equity in net income (loss) from unconsolidated entities	232	(2,050)	400	(5,761)
Other income (expense) including interest	(19)	71	122	2,161
Interest expense	(144)	(889)	(1,045)	(889)
Settlement of litigation and arbitration award, net	(800)	(2,182)	(1,553)	(41,684)
Total other income (expense)	(731)	(5,050)	(2,076)	(46,173)
Loss from Continuing Operations Before Income Tax Benefit and Non-controlling Interest	(4,068)	(1,550)	(5,053)	(43,077)
Income Tax Benefit				(10,980)
Net Loss Before Non-controlling Interest	(4,068)	(1,550)	(5,053)	(32,097)
Non-controlling Interest	120	(3,053)	(2,613)	(7,888)
Net Loss Attributable to ADA-ES, Inc.	\$ (3,948)	\$ (4,603)	\$ (7,666)	\$ (39,985)
Net Loss Per Common Share Basic and Diluted Attributable to ADA-ES, Inc.	\$ (0.39)	\$ (0.60)	\$ (0.77)	\$ (5.25)

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Weighted Average Common Basic and Diluted Shares Outstanding	10,017	7,661	10,008	7,621
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See accompanying notes.

ADA-ES, Inc. and Subsidiaries

Consolidated Statements of Changes in Stockholders Deficit

Nine Months Ended September 30, 2012 and 2011

(Amounts in thousands, except share data)

(Unaudited)

	Common Stock Shares	Common Stock Amount (Restated)	Accumulated Deficit (Restated)	Total ADA-ES Stockholders Deficit (Restated)	Non- controlling Interest (Restated)	Total Deficit (Restated)
Balances, January 1, 2011 (restated, See Note 14)	7,538,861	\$ 39,627	\$ (43,875)	\$ (4,248)	\$ 2,035	\$