

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

PFSWEB INC

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SIC: **7389** Business services, nec

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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 (DATE OF EARLIEST EVENT REPORTED): May 15, 2013

PFSweb, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(STATE OR OTHER JURISDICTION
OF INCORPORATION)

000-28275
(COMMISSION
FILE NUMBER)

75-2837058
(IRS EMPLOYER
IDENTIFICATION NO.)

505 MILLENNIUM DRIVE
ALLEN, TX 75013
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(972) 881-2900
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

N/A
(FORMER NAME OR 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 communication 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))
-
-

INFORMATION TO BE INCLUDED IN THE REPORT

ITEM 2.02. Results of Operations and Financial Condition

On May 15, 2013, PFSweb, Inc. issued a press release announcing its financial results for the quarter ended March 31, 2013. Attached to this current report on Form 8-K is a copy of the related press release dated May 15, 2013. The information in this Report on Form 8-K, and the exhibit hereto, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section.

<u>Exhibit No.</u>		<u>Description</u>
99.1	Press Release Issued May 15, 2013	

SIGNATURE

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.

PFSweb, Inc.

Dated: May 16, 2013

By: /s/ Thomas J. Madden

Thomas J. Madden
Executive Vice President,
Chief Financial and
Accounting Officer



Contact:

Mike Willoughby
 Chief Executive Officer
 or Thomas J. Madden
 Chief Financial Officer
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PFSweb Reports First Quarter 2013 Results

*Strategic Relationship with transcosmos Positions PFSweb for Strong New Business Potential in Asia
 and with Asian Brands Looking to Establish an eCommerce Presence in the U.S. and Europe*

Allen, Texas, May 15, 2013 – PFSweb, Inc. (Nasdaq: PFSW), an international provider of end-to-end eCommerce solutions, today announced its financial results for the quarter ended March 31, 2013.

“We are very excited about several significant developments in our business that we believe strongly position PFSweb for solid growth and enhanced shareholder value in the future. We have recently won several new and expanded client relationships, including a promising new agreement with a leading Fortune 500 retailer of apparel and home fashion, and we have seen an increase in our sales pipeline to approximately \$50 million, based on client projections,” stated Mike Willoughby, Chief Executive Officer at PFSweb.

“We are also excited to announce a definitive agreement to form a strategic relationship with transcosmos inc., through which we will gain access to both their Asian-based global client brands looking to expand into the U.S. and European markets, and their extensive infrastructure to support our clients’ expansion into Asia, including Japan, China and South Korea. As part of the relationship, transcosmos is acquiring a 19.9% equity position in PFSweb through a direct investment of approximately \$14.7 million. This influx of capital will play an important role in allowing PFSweb to accelerate its ongoing growth initiatives,” continued Mr. Willoughby.

“While we are pleased with our results from the first quarter ended March 31, 2013, we continue to expect CY2013 to be a transition year for us as we wind down certain previously announced client programs. However, through a combination of organic and new growth opportunities, coupled with operational changes aimed to drive business efficiencies and cost reductions, we believe we are establishing the appropriate framework to usher PFSweb into a period of exciting growth starting in 2014,” Mr. Willoughby added.

Summary of consolidated results for the first quarter ended March 31, 2013:

Service Fee revenue decreased slightly to \$28.0 million, compared to \$28.4 million for the same period in 2012; Service Fee Equivalent Revenue (as defined) decreased 4% to \$30.0 million, compared to \$31.2 million for the same period in 2012;

Total revenue decreased 13% to \$63.1 million, compared to \$72.8 million for the first quarter of 2012;

Adjusted EBITDA (as defined) increased 12% to \$2.9 million, compared to \$2.6 million for the same period in 2012;

Adjusted EBITDA for the first quarter of 2013 included an incremental benefit of approximately \$0.6 million applicable to certain client transition related agreements, which we also expect to continue into the second quarter of CY2013;

Net loss was \$2.6 million, or \$0.20 per basic and diluted share, compared to net loss of \$1.3 million, or \$0.10 per basic and diluted share, for the first quarter of 2012; Net loss for the first quarter of 2013 included \$2.3 million of restructuring and other charges while net loss for the first quarter of 2012 included \$1.0 million of move related expenses and lease termination costs;

Non-GAAP net income (as defined) was \$21,000, or \$0.00 per basic and diluted share, compared to non-GAAP net income of \$77,000, or \$0.01 per basic and diluted share, for the quarter ended March 31, 2012.

Mr. Willoughby continued, “The financial results for the first quarter reflect certain impacts from the previously announced client transitions and restructuring related activities. We continue to expect that we will experience reduced revenue and profit in the second and third quarters of 2013, as compared to the first quarter of 2013, as these client programs continue to transition. We then expect an improvement in our fourth quarter as we realize increased benefits from new and expanded client relationships, including potential new clients through our new transcocosmos relationship, and seasonal client volumes. We believe we are making the appropriate adjustments to our operations and staffing to address the reduced revenue level, while still supporting our long-term growth initiatives.

“We are excited about the positive momentum in the business, including the incremental new business opportunities we anticipate from our transcocosmos relationship. Given the ramp up time required to contract and implement new client solutions, we expect the benefits of these opportunities will primarily be reflected in our CY014 and forward results. As such, we are reaffirming our guidance for calendar year 2013, with Service Fee Equivalent Revenue expected to be in the range of \$110 million to \$115 million, and Adjusted EBITDA in the range of \$8 million to \$10 million, excluding the impact of restructuring and other related expenses which we expect to continue, but to a lesser extent, into the second quarter,” Mr. Willoughby concluded.

Conference Call Information

Management will host a conference call at 11:00 am Eastern Time (10:00 am Central Time) on Wednesday, May 15, 2013, to discuss the latest corporate developments and results. To listen to the call, please dial (888) 562-3356 and enter pin number 69039308 at least five minutes before the scheduled start time. Investors can also access the call in a “listen only” mode via the Internet at the Company’ s website, www.pfsweb.com or www.kcsa.com. Please allow extra time prior to the call to visit the site and download any necessary audio software.

A digital replay of the conference call will be available through June 14, 2013 at (855) 859-2056, pin number 69039308. The replay also will be available at the Company’ s website for a limited time.

Non-GAAP Financial Measures

This news release may contain certain non-GAAP measures, including non-GAAP net income (loss), Earnings Before Interest, Income Taxes, Depreciation and Amortization (“EBITDA”), Adjusted EBITDA and Service Fee Equivalent Revenue.

Non-GAAP net income (loss) represents net income (loss) calculated in accordance with U.S. GAAP as adjusted for the impact of non-cash stock-based compensation expense, restructuring and other charges, lease termination costs and certain move related expenses.

EBITDA represents earnings (or losses) before interest, income taxes, depreciation, and amortization. Adjusted EBITDA further eliminates the effect of stock-based compensation, restructuring and other charges, lease termination costs and certain move related expenses.

Service Fee Equivalent Revenue represents service fee revenue plus the gross profit earned on product revenue.

Non-GAAP net income (loss), EBITDA, Adjusted EBITDA and Service Fee Equivalent Revenue are used by management, analysts, investors and other interested parties in evaluating our operating performance compared to that of other companies in our industry. The calculation of non-GAAP net income (loss) eliminates the effect of stock-based compensation, restructuring and other charges, lease termination costs and certain move related expenses and EBITDA and Adjusted EBITDA further eliminate the effect of financing, income taxes and the accounting effects of capital spending, which items may vary from different companies for reasons unrelated to overall operating performance. Service Fee Equivalent Revenue allows client contracts with similar operational support models but different financial models to be combined as if all contracts were being operated on a service fee revenue basis.

PFSweb believes these non-GAAP measures provide useful information to both management and investors by excluding certain expenses that may not be indicative of its core operating results. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. The non-GAAP measures included in this press release have been reconciled to the GAAP results in the attached tables.

About PFSweb, Inc.

PFSweb is engaged by iconic brands to enable and manage customized eCommerce and omni-channel commerce initiatives. PFSweb's iCommerce Hub(SM) technology ecosystem offers retailers a multi-channel order management system that allows partner/client data integration and international payment processing. PFSweb's iCommerce Professional Service(SM) provides interactive marketing services, eCommerce web site development and support services, IT development services, content management, customer intelligence and relationship and account management services. PFSweb's iCommerce Centers of Excellence(SM) provides global fulfillment and logistics, high-touch customer care, client financial services and technology hosting.

Together, PFSweb's iCommerce Solutions allows for international reach and expertise in both direct-to-consumer and business-to-business initiatives. PFSweb supports organizations across multiple industries including Procter & Gamble, L' Oreal, LEGO, Columbia Sportswear, Sorel, Carter's, AAFES, Riverbed, Ricoh, Hawker Beechcraft Corp, Roots Canada Ltd., Diageo, BCBGMAXAZRIA, BCBGENERATION and HERVÉ LÉGER BY MAX AZRIA. PFSweb is headquartered in Allen, TX with additional locations in Tennessee, Mississippi, Canada, Belgium, and the Philippines.

To find out more about PFSweb (NASDAQ: PFSW), visit the company' s website at <http://www.PFSweb.com>.

The matters discussed herein consist of forward-looking information under the Private Securities Litigation Reform Act of 1995 and is subject to and involves risks and uncertainties, which could cause actual results to differ materially from the forward-looking information. PFSweb' s Annual Report on Form 10-K for the year ended December 31, 2012 identifies certain factors that could cause actual results to differ materially from those projected in any forward looking statements made and investors are advised to review the Annual and Quarterly Reports and the Risk Factors described therein. PFSweb undertakes no obligation to update publicly any forward-looking statement for any reason, even if new information becomes available or other events occur in the future. There may be additional risks that we do not currently view as material or that are not presently known.

(Financial Tables Below)

PFSweb, Inc. and SubsidiariesUnaudited Condensed Consolidated Statements of Operations (A)
(In Thousands, Except Per Share Data)

	Three Months Ended	
	March 31,	
	2013	2012
REVENUES:		
Product revenue, net	\$25,482	\$34,551
Service fee revenue	28,002	28,378
Pass-thru revenue	9,657	9,839
Total revenues	<u>63,141</u>	<u>72,768</u>
COSTS OF REVENUES:		
Cost of product revenue	23,515	31,682
Cost of service fee revenue	19,258	21,655
Cost of pass-thru revenue	9,657	9,839
Total costs of revenues	<u>52,430</u>	<u>63,176</u>
Gross profit	10,711	9,592
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>12,801</u>	<u>10,504</u>
Income (loss) from operations	(2,090)	(912)
INTEREST EXPENSE, NET	<u>218</u>	<u>264</u>
Income (loss) before income taxes	(2,308)	(1,176)
INCOME TAX PROVISION (BENEFIT)	<u>267</u>	<u>109</u>
NET INCOME (LOSS)	<u>\$ (2,575)</u>	<u>\$ (1,285)</u>
NON-GAAP INCOME (LOSS)	<u>\$21</u>	<u>\$77</u>
NET INCOME (LOSS) PER SHARE:		
Basic	<u>\$ (0.20)</u>	<u>\$ (0.10)</u>
Diluted	<u>\$ (0.20)</u>	<u>\$ (0.10)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:		
Basic	<u>12,786</u>	<u>12,765</u>
Diluted	<u>12,786</u>	<u>12,765</u>
EBITDA	<u>\$318</u>	<u>\$1,230</u>
ADJUSTED EBITDA	<u>\$2,914</u>	<u>\$2,592</u>

(A) The financial data above should be read in conjunction with the audited consolidated financial statements of PFSweb, Inc. included in its Form 10-K for the year ended December 31, 2012.

PFSweb, Inc. and Subsidiaries

Reconciliation of certain Non-GAAP Items to GAAP

(In Thousands, Except Per Share Data)

	Three Months Ended	
	March 31,	
	2013	2012
NET INCOME (LOSS)	\$ (2,575)	\$ (1,285)
Income tax expense	267	109
Interest expense, net	218	264
Depreciation and amortization	2,408	2,142
EBITDA	\$318	\$1,230
Stock-based compensation	303	340
Restructuring and other charges	2,293	–
Lease termination costs	–	450
Move related expenses	–	572
ADJUSTED EBITDA	\$2,914	\$2,592
	Three Months Ended	
	March 31,	
	2013	2012
NET INCOME (LOSS)	\$ (2,575)	\$ (1,285)
Stock-based compensation	303	340
Restructuring and other charges	2,293	–
Lease terminations costs	–	450
Move related expenses	–	572
NON-GAAP INCOME (LOSS)	\$21	\$77
NET INCOME (LOSS) PER SHARE:		
Basic	\$ (0.20)	\$ (0.10)
Diluted	\$ (0.20)	\$ (0.10)
NON-GAAP INCOME (LOSS) Per Share:		
Basic	\$0.00	\$0.01
Diluted	\$0.00	\$0.01
	Three Months Ended	
	March 31,	
	2013	2012
TOTAL REVENUES	\$63,141	\$72,768
Pass-thru revenue	(9,657)	(9,839)
Cost of product revenue	(23,515)	(31,682)
SERVICE FEE EQUIVALENT REVENUE	\$29,969	\$31,247

PFSweb, Inc. and SubsidiariesUnaudited Condensed Consolidated Balance Sheets
(In Thousands, Except Share Data)

	March 31, 2013	December 31, 2012
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$17,951	\$19,626
Restricted cash	362	283
Accounts receivable, net of allowance for doubtful accounts of \$404 and \$450 at March 31, 2013 and December 31, 2012, respectively	40,501	45,684
Inventories, net of reserves of \$1,752 and \$1,789 at March 31, 2013 and December 31, 2012, respectively	20,643	24,654
Other receivables	7,712	7,675
Prepaid expenses and other current assets	4,325	4,346
Total current assets	<u>91,494</u>	<u>102,268</u>
PROPERTY AND EQUIPMENT, net	27,045	27,917
OTHER ASSETS	3,009	3,286
Total assets	<u>121,548</u>	<u>133,471</u>
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of long-term debt and capital lease obligations	\$19,290	\$16,660
Trade accounts payable	31,988	40,493
Deferred revenue	6,943	6,648
Accrued expenses	20,860	23,097
Total current liabilities	79,081	86,898
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	4,664	5,400
DEFERRED REVENUE	6,889	7,562
DEFERRED RENT	5,375	5,560
Total liabilities	<u>96,009</u>	<u>105,420</u>
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, \$1.00 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$.001 par value; 35,000,000 shares authorized; 12,825,418 and 12,812,386 shares issued at March 31, 2013 and December 31, 2012, respectively; and 12,791,951 and 12,778,919 shares outstanding as of March 31, 2013 and December 31, 2012, respectively	13	13
Additional paid-in capital	106,340	106,018
Accumulated deficit	(81,984)	(79,409)
Accumulated other comprehensive income	1,295	1,554
Treasury stock at cost, 33,467 shares	(125)	(125)
Total shareholders' equity	<u>25,539</u>	<u>28,051</u>
Total liabilities and shareholders' equity	<u>\$121,548</u>	<u>\$133,471</u>

PFSweb, Inc. and Subsidiaries

Unaudited Consolidating Statements of Operations

For the Three Months Ended March 31, 2013

(In Thousands)

	PFSweb	Business & Retail Connect	Eliminations	Consolidated
REVENUES:				
Product revenue, net	\$–	\$ 25,482	\$–	\$ 25,482
Service fee revenue	26,441	1,561	–	28,002
Service fee revenue - affiliate	2,355	362	(2,717)	–
Pass-thru revenue	9,657	–	–	9,657
Total revenues	<u>38,453</u>	<u>27,405</u>	<u>(2,717)</u>	<u>63,141</u>
COSTS OF REVENUES:				
Cost of product revenue	–	23,515	–	23,515
Cost of service fee revenue	19,780	1,647	(2,169)	19,258
Cost of pass-thru revenue	9,657	–	–	9,657
Total costs of revenues	<u>29,437</u>	<u>25,162</u>	<u>(2,169)</u>	<u>52,430</u>
Gross profit	9,016	2,243	(548)	10,711
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>11,563</u>	<u>1,786</u>	<u>(548)</u>	<u>12,801</u>
Income (loss) from operations	(2,547)	457	–	(2,090)
INTEREST EXPENSE, NET	<u>67</u>	<u>151</u>	<u>–</u>	<u>218</u>
Income (loss) before income taxes	(2,614)	306	–	(2,308)
INCOME TAX PROVISION (BENEFIT)	<u>120</u>	<u>147</u>	<u>–</u>	<u>267</u>
NET INCOME (LOSS)	<u>\$(2,734)</u>	<u>\$ 159</u>	<u>\$–</u>	<u>\$(2,575)</u>
NON-GAAP NET INCOME (LOSS)	<u>\$(138)</u>	<u>\$ 159</u>	<u>\$–</u>	<u>\$ 21</u>
EBITDA	<u>\$(178)</u>	<u>\$ 496</u>	<u>\$–</u>	<u>\$ 318</u>
ADJUSTED EBITDA	<u>\$2,418</u>	<u>\$ 496</u>	<u>\$–</u>	<u>\$2,914</u>
A reconciliation of NET INCOME (LOSS) to EBITDA and ADJUSTED EBITDA follows:				
NET INCOME (LOSS)	<u>\$(2,734)</u>	<u>\$ 159</u>	<u>\$–</u>	<u>(2,575)</u>
Income tax expense (benefit)	120	147	–	267
Interest expense, net	67	151	–	218
Depreciation and amortization	2,369	39	–	2,408
EBITDA	<u>\$(178)</u>	<u>\$ 496</u>	<u>\$–</u>	<u>\$ 318</u>
Stock-based compensation	303	–	–	303
Restructuring and other charges	2,293	–	–	2,293
ADJUSTED EBITDA	<u>\$2,418</u>	<u>\$ 496</u>	<u>\$–</u>	<u>\$2,914</u>
A reconciliation of NET INCOME (LOSS) to NON-GAAP NET INCOME (LOSS) follows:				
NET INCOME (LOSS)	<u>\$(2,734)</u>	<u>\$ 159</u>	<u>\$–</u>	<u>\$(2,575)</u>
Stock-based compensation	303	–	–	303
Restructuring and other charges	2,293	–	–	2,293
NON-GAAP NET INCOME (LOSS)	<u>\$(138)</u>	<u>\$ 159</u>	<u>\$–</u>	<u>\$ 21</u>

Note: Business and Retail Connect includes our Supplies Distributors and PFSweb Retail Connect operations, which operate similar financial models on behalf of our client relationships.

PFSweb, Inc. and Subsidiaries

Unaudited Consolidating Statements of Operations

For the Three Months Ended March 31, 2012

(In Thousands)

	PFSweb	Business & Retail Connect	Eliminations	Consolidated
REVENUES:				
Product revenue, net	\$-	\$ 34,551	\$-	\$ 34,551
Service fee revenue	28,378	-	-	28,378
Service fee revenue-affiliate	1,462	174	(1,636)	-
Pass-thru revenue	9,839	-	-	9,839
Total revenues	<u>39,679</u>	<u>34,725</u>	<u>(1,636)</u>	<u>72,768</u>
COSTS OF REVENUES:				
Cost of product revenue	-	31,682	-	31,682
Cost of service fee revenue	22,270	174	(789)	21,655
Cost of pass-thru revenue	9,839	-	-	9,839
Total costs of revenues	<u>32,109</u>	<u>31,856</u>	<u>(789)</u>	<u>63,176</u>
Gross profit	7,570	2,869	(847)	9,592
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>9,310</u>	<u>2,041</u>	<u>(847)</u>	<u>10,504</u>
Income (loss) from operations	(1,740)	828	-	(912)
INTEREST EXPENSE, NET	<u>34</u>	<u>230</u>	<u>-</u>	<u>264</u>
Income (loss) before income taxes	(1,774)	598	-	(1,176)
INCOME TAX PROVISION (BENEFIT)	<u>(116)</u>	<u>225</u>	<u>-</u>	<u>109</u>
NET INCOME (LOSS)	<u>\$(1,658)</u>	<u>\$ 373</u>	<u>\$-</u>	<u>\$(1,285)</u>
NON-GAAP NET INCOME (LOSS)	<u>\$(296)</u>	<u>\$ 373</u>	<u>\$-</u>	<u>\$ 77</u>
EBITDA	<u>\$386</u>	<u>\$ 844</u>	<u>\$-</u>	<u>\$ 1,230</u>
ADJUSTED EBITDA	<u>\$1,748</u>	<u>\$ 844</u>	<u>\$-</u>	<u>\$ 2,592</u>
A reconciliation of NET INCOME (LOSS) to EBITDA and ADJUSTED EBITDA follows:				
NET INCOME (LOSS)	\$ (1,658)	\$ 373	\$ -	(1,285)
Income tax expense (benefit)	(116)	225	-	109
Interest expense, net	34	230	-	264
Depreciation and amortization	2,126	16	-	2,142
EBITDA	\$ 386	\$ 844	\$ -	\$ 1,230
Stock-based compensation	340	-	-	340
Lease termination costs	450	-	-	450
Move related expenses	572	-	-	572
ADJUSTED EBITDA	\$ 1,748	\$ 844	\$ -	\$ 2,592
A reconciliation of NET INCOME (LOSS) to NON-GAAP NET INCOME (LOSS) follows:				
NET INCOME (LOSS)	\$ (1,658)	\$ 373	\$ -	\$(1,285)
Stock-based compensation	340	-	-	340
Lease termination costs	450	-	-	450
Move related expenses	572	-	-	572
NON-GAAP NET INCOME (LOSS)	\$ (296)	\$ 373	\$ -	\$ 77

Note: Business and Retail Connect includes our Supplies Distributors and PFSweb Retail Connect operations, which operate similar financial models on behalf of our client relationships.

PFSweb, Inc. and Subsidiaries

Unaudited Condensed Consolidating Balance Sheets

as of March 31, 2013

(In Thousands)

	PFSweb	Business & Retail Connect	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$11,262	\$ 6,689	\$-	\$17,951
Restricted cash	-	362	-	362
Accounts receivable, net	29,100	11,669	(268)	40,501
Inventories, net	-	20,643	-	20,643
Other receivables	-	7,712	-	7,712
Prepaid expenses and other current assets	2,850	1,475	-	4,325
Total current assets	43,212	48,550	(268)	91,494
PROPERTY AND EQUIPMENT, net	26,799	246	-	27,045
RECEIVABLE/INVESTMENT IN AFFILIATES	13,667	-	(13,667)	-
OTHER ASSETS	2,898	111	-	3,009
Total assets	86,576	48,907	(13,935)	121,548
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES:				
Current portion of long-term debt and capital lease obligations	\$14,099	\$ 5,191	\$-	\$19,290
Trade accounts payable	7,900	24,356	(268)	31,988
Deferred revenue	6,921	22	-	6,943
Accrued expenses	15,196	5,664	-	20,860
Total current liabilities	44,116	35,233	(268)	79,081
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	4,664	-	-	4,664
PAYABLE TO AFFILIATES	-	22,995	(22,995)	-
DEFERRED REVENUE	6,889	-	-	6,889
DEFERRED RENT	5,333	42	-	5,375
Total liabilities	61,002	58,270	(23,263)	96,009
COMMITMENTS AND CONTINGENCIES				
SHAREHOLDERS' EQUITY:				
Common stock	13	19	(19)	13
Capital contributions	-	1,000	(1,000)	-
Additional paid-in capital	106,340	28,059	(28,059)	106,340
Retained earnings (accumulated deficit)	(81,943)	(40,447)	40,406	(81,984)
Accumulated other comprehensive income	1,289	2,006	(2,000)	1,295
Treasury stock	(125)	-	-	(125)
Total shareholders' equity	25,574	(9,363)	9,328	25,539
Total liabilities and shareholders' equity	\$86,576	\$ 48,907	\$(13,935)	\$121,548

PFSweb, Inc. and Subsidiaries

Unaudited Condensed Consolidating Balance Sheets

as of December 31, 2012

(In Thousands)

	PFSweb	Business & Retail Connect	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$13,079	\$ 6,547	\$-	\$19,626
Restricted cash	-	283	-	283
Accounts receivable, net	34,831	11,574	(721)	45,684
Inventories, net	-	24,654	-	24,654
Other receivables	-	7,675	-	7,675
Prepaid expenses and other current assets	2,817	1,529	-	4,346
Total current assets	<u>50,727</u>	<u>52,262</u>	<u>(721)</u>	<u>102,268</u>
PROPERTY AND EQUIPMENT, net	27,651	266	-	27,917
RECEIVABLE/INVESTMENT IN AFFILIATES	13,396	-	(13,396)	-
OTHER ASSETS	3,166	120	-	3,286
Total assets	<u>94,940</u>	<u>52,648</u>	<u>(14,117)</u>	<u>133,471</u>
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES:				
Current portion of long-term debt and capital lease obligations	\$13,072	\$ 3,588	\$-	\$16,660
Trade accounts payable	12,109	29,105	(721)	40,493
Deferred revenue	6,573	75	-	6,648
Accrued expenses	16,743	6,354	-	23,097
Total current liabilities	48,497	39,122	(721)	86,898
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	5,400	-	-	5,400
PAYABLE TO AFFILIATES	-	22,795	(22,795)	-
DEFERRED REVENUE	7,562	-	-	7,562
DEFERRED RENT	5,482	78	-	5,560
Total liabilities	<u>66,941</u>	<u>61,995</u>	<u>(23,516)</u>	<u>105,420</u>
COMMITMENTS AND CONTINGENCIES				
SHAREHOLDERS' EQUITY:				
Common stock	13	19	(19)	13
Capital contributions	-	1,000	(1,000)	-
Additional paid-in capital	106,018	28,059	(28,059)	106,018
Retained earnings (accumulated deficit)	(79,461)	(40,606)	40,658	(79,409)
Accumulated other comprehensive income	1,554	2,181	(2,181)	1,554
Treasury stock	(125)	-	-	(125)
Total shareholders' equity	<u>27,999</u>	<u>(9,347)</u>	<u>9,399</u>	<u>28,051</u>
Total liabilities and shareholders' equity	<u>\$94,940</u>	<u>\$ 52,648</u>	<u>\$(14,117)</u>	<u>\$133,471</u>

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