

Information Services Group Inc.  
Form 10-Q  
May 10, 2012

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

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

**For the quarterly period ended March 31, 2012**

**OR**

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

**20-5261587**  
(I.R.S. Employer  
Identification No.)

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**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  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 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

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 Act).  Yes  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 27, 2012**  
36,148,633 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 (UNAUDITED)****INFORMATION SERVICES GROUP, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(In thousands, except par value)**

	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 16,968	\$ 24,469
Accounts receivable, net of allowance of \$772 and \$549, respectively	46,902	42,851
Deferred tax asset	2,887	3,330
Prepaid expense and other current assets	2,685	2,118
Total current assets	69,442	72,768
Restricted cash	52	51
Furniture, fixtures and equipment, net	3,309	2,954
Goodwill	34,691	34,691
Intangible assets, net	33,282	35,070
Other assets	903	945
Total assets	\$ 141,679	\$ 146,479
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 4,679	\$ 4,089
Current maturities of long-term debt	7,750	7,000
Deferred revenue	3,598	4,604
Accrued expenses	15,982	16,748
Total current liabilities	32,009	32,441
Long-term debt, net of current maturities	60,563	63,063
Deferred tax liability	9,841	10,305
Other liabilities	3,497	4,786
Total liabilities	105,910	110,595
Commitments and contingencies (Note 6)		
<b>Stockholders equity</b>		
Preferred stock, \$.001 par value; 10,000 shares authorized; none issued		
Common stock, \$.001 par value, 100,000 shares authorized; 36,675 shares issued and 36,171 shares outstanding at March 31, 2012 and 36,675 shares issued and 36,276 outstanding at December 31, 2011	37	37

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Additional paid-in-capital	204,340	204,076
Treasury stock (504 and 399 common shares, respectively, at cost)	(631)	(450)
Accumulated other comprehensive loss	(1,873)	(2,247)
Accumulated deficit	(166,104)	(165,532)
Total stockholders' equity	35,769	35,884
Total liabilities and stockholders' equity	\$ 141,679	\$ 146,479

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

## INFORMATION SERVICES GROUP, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	Three Months Ended March 31,	
	2012	2011
<b>Revenues</b>	\$ 46,282	\$ 40,658
<b>Operating expenses</b>		
Direct costs and expenses for advisors	27,346	24,230
Selling, general and administrative	16,608	18,904
Depreciation and amortization	2,157	2,711
Operating income (loss)	171	(5,187)
Interest income	14	30
Interest expense	(753)	(882)
Foreign currency transaction (loss) gain	(80)	37
Loss before taxes	(648)	(6,002)
Income tax benefit	(76)	(3,957)
Net loss	\$ (572)	\$ (2,045)
Weighted average shares outstanding:		
Basic	36,347	36,104
Diluted	36,347	36,104
Loss per share:		
Basic	\$ (0.02)	\$ (0.06)
Diluted	\$ (0.02)	