

America's Suppliers, Inc.  
Form 10-Q  
November 09, 2010

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, 2010

Or

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

Commission File Number: 0-27012

AMERICA'S SUPPLIERS, INC.  
(Exact name of small business issuer as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation  
or organization)

27-1445090  
(I.R.S. Employer Identification No.)

7575 E. Redfield Road  
Suite 201  
Scottsdale, AZ  
(Address of principal executive offices)

85260

(Zip Code)

(480) 922-8155  
(Issuer's telephone number)

\_\_\_\_\_  
(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 Website, 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 ☐

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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.) Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 14,105,857 shares of common stock as of November 1, 2010.

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AMERICA'S SUPPLIERS, INC.

Table of Contents

|                                                                                               | Page      |
|-----------------------------------------------------------------------------------------------|-----------|
| <b>PART I – FINANCIAL INFORMATION</b>                                                         | <b>1</b>  |
| Item 1. Financial Statements:                                                                 | 2         |
| Consolidated Balance Sheets (unaudited)                                                       | 2         |
| Consolidated Statements of Operations (unaudited)                                             | 3         |
| Consolidated Statements of Cash Flows (unaudited)                                             | 4         |
| Notes to Consolidated Financial Statements (unaudited)                                        | 5         |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations | 11        |
| Item 3. Quantitative and Qualitative Disclosure About Market Risk                             | 15        |
| Item 4T. Controls and Procedures                                                              | 15        |
| <b>PART II – OTHER INFORMATION</b>                                                            | <b>16</b> |
| Item 1. Legal Proceedings.                                                                    | 16        |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds                           | 16        |
| Item 3. Defaults Upon Senior Securities                                                       | 16        |
| Item 4. (Removed and Reserved)                                                                | 16        |
| Item 5. Other Information.                                                                    | 16        |
| Item 6. Exhibits                                                                              | 17        |
| <b>SIGNATURES</b>                                                                             | <b>18</b> |

## PART I – FINANCIAL INFORMATION

### Forward-Looking Information

Unless otherwise indicated, the terms “America’s Suppliers,” “ASI,” “Insignia Solutions plc,” “Insignia,” the “Company,” “we,” and “our” refer to America’s Suppliers, Inc. and its subsidiaries. In this Quarterly Report on Form 10-Q, we may make certain forward-looking statements, including statements regarding our plans, strategies, objectives, expectations, intentions and resources that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We do not undertake to update, revise or correct any of the forward-looking information. The following discussion should also be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009.

The statements contained in this Quarterly Report on Form 10-Q that are not historical fact are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995), 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. The forward-looking statements contained herein are based on current expectations that involve a number of risks and uncertainties. These statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “intend,” “plan,” “could,” “is likely,” or “anticipates,” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. The Company wishes to caution the reader that these forward-looking statements are not historical facts but only predictions. No assurances can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these projections and other forward-looking statements are based upon a variety of assumptions relating to the business of the Company, which, although considered reasonable by the Company, may not be realized. Because of the number and range of assumptions underlying the Company’s projections and forward-looking statements, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of the Company, some of the assumptions inevitably will not materialize, and unanticipated events and circumstances may occur subsequent to the date of this report. These forward-looking statements are based on current expectations and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company and the results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded as a representation by the Company or any other person that these estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

## Item 1. Financial Statements.

AMERICA'S SUPPLIERS, INC.  
CONSOLIDATED BALANCE SHEETS  
(unaudited)

|                                                                                                                                                                                     | September 30,<br>2010 | December 31,<br>2009 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| <b>Assets</b>                                                                                                                                                                       |                       |                      |
| Cash and cash equivalents                                                                                                                                                           | \$ 652,436            | \$ 78,095            |
| Certificates of deposit                                                                                                                                                             | 700,000               | 785,000              |
| Accounts receivable, net                                                                                                                                                            | 89,955                | 68,107               |
| Inventory                                                                                                                                                                           | 1,237                 | -                    |
| Prepaid expenses and other current assets                                                                                                                                           | 60,526                | 75,129               |
| Total current assets                                                                                                                                                                | 1,504,154             | 1,006,331            |
| Property and equipment, net                                                                                                                                                         | 356,504               | 274,351              |
| Investment in Business Calcium                                                                                                                                                      | 85,527                | -                    |
| Deposits and other assets                                                                                                                                                           | 57,260                | 32,251               |
| Total assets                                                                                                                                                                        | \$ 2,003,445          | \$ 1,312,933         |
| <b>Liabilities and Deficit</b>                                                                                                                                                      |                       |                      |
| Accounts payable                                                                                                                                                                    | \$ 1,670,614          | \$ 1,037,780         |
| Accrued expenses                                                                                                                                                                    | 419,168               | 614,831              |
| Deferred revenue                                                                                                                                                                    | 15,993                | 16,243               |
| Other liabilities                                                                                                                                                                   | 4,766                 | 5,815                |
| Total current liabilities                                                                                                                                                           | 2,110,541             | 1,674,669            |
| ASI shareholders' deficit:                                                                                                                                                          |                       |                      |
| Preferred shares, \$0.001 par value, 1,000,000 shares authorized, no shares outstanding at September 30, 2010 and December 31, 2009                                                 | -                     | -                    |
| Ordinary shares, \$0.001 par value, 50,000,000 shares authorized, 14,105,857 and 12,925,348 shares issued and outstanding at September 30, 2010 and December 31, 2009, respectively | 14,106                | 12,925               |
| Additional paid in capital                                                                                                                                                          | 6,608,295             | 6,574,345            |
| Accumulated deficit                                                                                                                                                                 | (6,729,497)           | (6,949,006)          |
| Total deficit                                                                                                                                                                       | (107,096)             | (361,736)            |
| Total liabilities and deficit                                                                                                                                                       | \$ 2,003,445          | \$ 1,312,933         |

See accompanying notes to unaudited consolidated financial statements.

AMERICA'S SUPPLIERS, INC.  
Consolidated Statements of Operations  
(unaudited)

|                                                                | Three Months Ended September<br>30, |              | Nine Months Ended September<br>30, |              |
|----------------------------------------------------------------|-------------------------------------|--------------|------------------------------------|--------------|
|                                                                | 2010                                | 2009         | 2010                               | 2009         |
| Net revenues                                                   | \$ 4,542,949                        | \$ 3,551,417 | \$ 11,300,347                      | \$ 9,266,244 |
| Advertising revenue                                            | 55,356                              | 51,273       | 168,080                            | 149,095      |
| Cost of goods sold                                             | 3,081,502                           | 2,359,939    | 7,567,726                          | 6,143,135    |
| Gross profit                                                   | 1,516,803                           | 1,242,751    | 3,900,701                          | 3,272,204    |
| Operating expenses:                                            |                                     |              |                                    |              |
| Sales and marketing                                            | 858,199                             | 740,343      | 2,214,199                          | 2,006,430    |
| General and administrative                                     | 461,701                             | 499,352      | 1,446,469                          | 1,458,016    |
| Total operating expenses                                       | 1,319,900                           | 1,239,695    | 3,660,668                          | 3,464,446    |
| Operating income (loss):                                       | 196,903                             | 3,056        | 240,033                            | (192,242)    |
| Other income (expense):                                        |                                     |              |                                    |              |
| Interest expense                                               | -                                   | -            | -                                  | (4,500)      |
| Loss from equity investment                                    | -                                   | -            | (24,055)                           | -            |
| Mark to market gains<br>on liability for unauthorized shares   | -                                   | -            | -                                  | 3,036        |
| Other income (expense)                                         | (14,172)                            | 9,405        | (5,656)                            | 54,473       |
| Total other income (expense)                                   | (14,172)                            | 9,405        | (29,711)                           | 53,009       |
| Net income (loss)                                              | 182,731                             | 12,461       | 210,322                            | (139,233)    |
| Less: net loss attributable to noncontrolling<br>interest      | (1,043)                             | -            | (9,187)                            | -            |
| Net income (loss) attributable to America's<br>Suppliers, Inc. | \$ 183,774                          | \$ 12,461    | \$ 219,509                         | \$ (139,233) |
| Net income (loss) per share:                                   |                                     |              |                                    |              |
| Basic                                                          | \$ 0.01                             | \$ -         | \$ 0.02                            | \$ (0.01)    |
| Diluted                                                        | \$ 0.01                             | \$ -         | \$ 0.02                            | \$ (0.01)    |
| Weighted average common shares outstanding                     |                                     |              |                                    |              |
| Basic                                                          | 12,925,348                          | 12,925,412   | 12,925,348                         | 12,877,387   |
| Diluted                                                        | 13,172,308                          | 13,495,508   | 13,061,921                         | 12,877,387   |

See accompanying notes to unaudited consolidated financial statements.

AMERICA'S SUPPLIERS, INC.  
Consolidated Statements of Cash Flows  
(unaudited)

|                                                                                              | Nine Months Ended September<br>30, |              |
|----------------------------------------------------------------------------------------------|------------------------------------|--------------|
|                                                                                              | 2010                               | 2009         |
| Cash flows from operating activities:                                                        |                                    |              |
| Net income (loss)                                                                            | \$ 219,509                         | \$ (139,233) |
| Adjustments to reconcile net loss to<br>net cash provided by (used in) operating activities: |                                    |              |
| Loss from equity investment                                                                  | 24,055                             | -            |
| Mark to market gains /losses on liability for unauthorized shares                            | -                                  | (3,036)      |
| Loss attributable to noncontrolling interest                                                 | (9,187)                            | -            |
| Depreciation and amortization                                                                | 60,309                             | 39,659       |
| Bad debt expense                                                                             | 4,645                              | 981          |
| Loss on disposal of fixed assets                                                             | 8,708                              | -            |
| Stock-based compensation                                                                     | 35,131                             | 31,357       |
| Changes in assets and liabilities:                                                           |                                    |              |
| Accounts receivable                                                                          | (26,493)                           | (29,530)     |
| Inventory                                                                                    | (1,237)                            | -            |
| Prepaid and other current assets                                                             | 14,603                             | (130,473)    |
| Deposits and other assets                                                                    | (25,009)                           | 10,000       |
| Accounts payable                                                                             | 632,834                            | 157,823      |
| Accrued expenses                                                                             | (195,663)                          | (520,454)    |
| Deferred revenue                                                                             | (250)                              | 3,239        |
| Other liabilities                                                                            | (1,049)                            | 1,047        |
| Net cash provided by (used in) operating activities                                          | 740,906                            | (578,620)    |
| Cash flows from investing activities:                                                        |                                    |              |
| Maturities of certificates of deposits                                                       | 85,000                             | 988,933      |
| Investment in Business Calcium                                                               | (100,395)                          | -            |
| Purchases of equipment and website development costs                                         | (151,170)                          | (106,189)    |
| Net cash (used in) provided by investing activities                                          | (166,565)                          | 882,744      |
| Cash flows from financing activities:                                                        |                                    |              |
| Proceeds from line of credit                                                                 | -                                  | 150,000      |
| Payments on line of credit                                                                   | -                                  | (150,000)    |
| Shares repurchased from converted debtholders                                                | -                                  | (65,212)     |
| Net cash used in financing activities                                                        | -                                  | (65,212)     |
| Change in cash and cash equivalents                                                          | 574,341                            | 238,912      |
| Cash and cash equivalents, beginning of period                                               | 78,095                             | 20,836       |
| Cash and cash equivalents, end of period                                                     | \$ 652,436                         | \$ 259,748   |
| Supplemental cash flow disclosures:                                                          |                                    |              |

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|                                                                                           |    |   |    |          |
|-------------------------------------------------------------------------------------------|----|---|----|----------|
| Reclassification for liability associated with unauthorized, unissued shares to be issued | \$ | - | \$ | (24,717) |
| Reclassification for liability associated with unauthorized, unissued shares issued       | \$ | - | \$ | 155,933  |
| Cash paid for interest                                                                    | \$ | - | \$ | 4,500    |

See accompanying notes to unaudited consolidated financial statements.

AMERICA'S SUPPLIERS, INC.  
Notes to the Consolidated Financial Statements  
(unaudited)

Note 1: Organization and Basis of Presentation

Background

On December 14, 2009, America's Suppliers, Inc., a Delaware corporation ("ASI" or the "Company"), became the holding company of Insignia Solutions plc, a public limited company incorporated in England and Wales ("Insignia"), pursuant to a scheme of arrangement under Section 897 of the UK Companies Act of 2006 that was approved by the Insignia stockholders on November 30, 2009 and the High Court of Justice in England and Wales on December 14, 2009 (the "Scheme of Arrangement"). Pursuant to the Scheme of Arrangement, every ordinary share, 1 pence par value per share, of Insignia (the "Ordinary Shares") was exchanged and cancelled at a ratio of ten Ordinary Shares for one share of common stock, \$0.001 par value per share (the "Common Stock"), of ASI (the "Exchange Ratio"). All data for common stock, options and warrants have been adjusted to reflect the one-for-ten reverse split for all periods presented. In addition, all common stock prices and per share data for all periods presented have been adjusted to reflect the one-for-ten reverse stock split. Insignia is now a wholly-owned subsidiary of ASI. The securities issued in the transaction were issued in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 3(a)(10) promulgated thereunder.

DollarDays International, Inc. ("DollarDays"), our wholly owned subsidiary, is an Internet based wholesaler of general merchandise to small independent resellers through its website [www.DollarDays.com](http://www.DollarDays.com). Orders are placed by customers through the website where, upon successful payment, the merchandise is shipped directly from the vendors' warehouses.

Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments, consisting of only normal recurring accruals, necessary for a fair statement of financial position, results of operations, and cash flows. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2009. The accounting policies are described in the "Notes to the Consolidated Financial Statements" in the 2009 Annual Report on Form 10-K and updated, as necessary, in this Form 10-Q. The year end consolidated balance sheet data presented for comparative purposes was derived from audited consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States. The results of operations for the three and nine months ended September 30, 2010 are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

Certain reclassifications have been made to prior period reported amounts to conform to current year presentation.

#### Noncontrolling Interest and Investment in Business Calcium

In December 2009, the Company entered into a series of agreements to develop WowMyUniverse.com, Inc. ("Wow"), a retail online business to sell directly to consumers, and Business Calcium, Inc. ("Business Calcium"), a website-development company. Under these agreements, the Company is obligated to pay an aggregate of \$260,000 beginning in January 2010, consisting of \$60,000 for consulting fees and \$200,000 for a 25% equity interest in Business Calcium and a 90% interest in Wow. These entities are each newly formed and had no assets or liabilities as of the date of the agreements. The Company has a remaining obligation of \$10,000 for consulting fees which will be paid in the fourth quarter.

As part of these agreements, Business Calcium owns the remaining 10% interest in Wow. Business Calcium has a put option which, if exercised, would require the Company to repurchase this 10% interest in Wow in exchange for a cash payment equal to 5.7 times Wow's trailing twelve month EBITDA. This put option is exercisable in December 2011. At September 30, 2010, we assigned a fair value of \$0 to this instrument based on the current operating performance of Wow.

The Company has accounted for its investment in Business Calcium using the equity method of accounting for investments. The Company contributed an aggregate of \$109,582 for its investment in Business Calcium, (which includes \$9,187 that Business Calcium invested in Wow for its 10% ownership stake). Because the other shareholder is not obligated to contribute any funding to Business Calcium, the Company had a difference between its investment and its proportionate interest in the net assets of Business Calcium of \$82,187, which is accounted for as equity-method goodwill and carried as part of the investment in Business Calcium on the accompanying consolidated balance sheet at September 30, 2010.

The Company is accounting for Wow as a consolidated subsidiary and is reflecting Business Calcium's ownership interest in Wow as a noncontrolling interest in the accompanying consolidated financial statements as of and for the three and nine months ended September 30, 2010. During the three and nine months ended September 30, 2010, Wow incurred net operating losses of \$16,720 and \$98,153, respectively, which reflect operating activities which began in January 2010. No revenues were generated by Wow during the three or nine months ended September 30, 2010. At September 30, 2010, Wow had assets of \$98,330 consisting of \$4,234 of cash and \$94,096 of capitalized website development costs which are included as part of the consolidated balance sheets. At September 30, 2010, the noncontrolling interest balance was \$0 which consisted of \$9,187 of the original 10% investment from Business Calcium and offset by losses allocated to the noncontrolling interest of \$9,187 from Wow's operation for the nine months ended September 30, 2010. Subsequent to September 30, 2010 the Company entered into a share exchange related to Business Calcium and Wow as described in Note 6.

## Note 2: Equity Compensation

### Restricted Stock

On February 25, 2009, the Company granted of an aggregate of 1,475,636 common shares with a fair value of \$47,220 vesting as follows:

- 20% vest immediately;
- 20% of shares granted vest on or after February 25, 2010 if price per share equals or exceeds \$0.60 and trading volume is at least 5,000 shares per day for 25 of 30 consecutive days in a trading period;
- 30% of shares granted vest on or after February 25, 2011 if price per share equals or exceeds \$1.00 and trading volume is at least 5,000 shares per day for 25 of 30 consecutive days in a trading period; and
- 30% of shares granted vest on or after February 25, 2012 if price per share equals or exceeds \$1.50 and trading volume is at least 5,000 shares per day for 25 of 30 consecutive days in a trading period.

As of September 30, 2010, 1,180,509 shares remain unvested as they have not met the vesting criteria. The unvested shares are included in shares outstanding at September 30, 2010, but are excluded from the weighted average shares outstanding computation for basic earnings per share in accordance with ASC 260. The Company recognized stock based compensation related to this award of \$1,185 and \$3,320, for the three months ended September 30, 2010 and 2009, respectively, and \$5,858 and \$31,357 for the nine months ended September 30, 2010 and 2009, respectively based on the vesting schedule and requisite service period.

During the three months ended September 30, 2010, the Company's CEO Peter Engel passed away. The Board of Directors agreed to permit the CEO's estate to vest an additional 184,736 shares (representing 35% of his initial grant) subject to the same stock performance provisions as outlined above. The incremental increase in the value of the award immediately prior to and after the modification was \$6,928 after taking into consideration the estimated probability of the stock performance milestones being met. The Company recognized total expense of \$1,298 in the three months ended September 30, 2010 related to Mr. Engel's award based on the excess of the sum of a) the fair value of the previously vested portion of his award and b) the impacts of the modification, as compared to the amounts previously expensed.

On September 16, 2010, the Company's Board of Directors agreed to grant shares of the Company's common stock to members of its Board of Directors as compensation for their services for the year ended December 31, 2010. The recipients vest in their shares on December 31, 2010. The grant date fair value of these shares was \$18,750, which is being expensed on a straight line basis over the vesting period. The Company recognized expense of \$2,679 during the three months ended September 30, 2010.

### Stock Options

The Company has historically granted stock options to certain vendors and employees as well as in connection with certain financing transactions. During the quarter ended September 30, 2010, the Company granted 460,086 stock options at a strike price of \$0.20 and which vest over a three year period; 20% at grant date, 20% on the first anniversary of the grant, 30% on the second anniversary, and 30% on the third anniversary. The grant date fair value of the award was \$25,107 (net of estimated forfeitures of 10%) which was determined using a Black Scholes option pricing model using the following assumptions: volatility of 69%, risk-free rate of return of 0.87%, stock price of \$0.15 and expected term of 3.35 years. The options expire in 2015.

The following table summarizes the Company's stock option activity during the nine months ended September 30, 2010:

7

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|                                    | Number of<br>Units | Weighted-<br>Average<br>Exercise<br>Price | Weighted-<br>Average<br>Remaining<br>Contractual<br>Term<br>(in years) |
|------------------------------------|--------------------|-------------------------------------------|------------------------------------------------------------------------|
| Outstanding at December 31, 2009   | 574,776            | \$ 2.28                                   |                                                                        |
| Grants                             | 460,086            | 0.20                                      |                                                                        |
| Forfeitures                        | (148,686)          | 3.29                                      |                                                                        |
| Exercises                          | -                  | -                                         |                                                                        |
| Outstanding at September 30, 2010  | 886,176            | \$ 1.03                                   | 3.3                                                                    |
| Exerciseable at September 30, 2010 | 518,107            | \$ 1.62                                   | 2.2                                                                    |

The Company recognized expense of \$6,354 during the three months ended September 30, 2010 related to stock option awards. The Company has an aggregate of \$18,752 of future expense related to nonvested awards which will be recognized over a weighted average period of 2.1 years. The options have no intrinsic value as of September 30, 2010.

The following table sets forth exercise prices of outstanding options at September 30, 2010:

| Exercise Price   | Number of<br>Shares |
|------------------|---------------------|
| \$0.01 - \$0.89  | 460,086             |
| \$0.90 - \$2.00  | 385,071             |
| \$2.01 - \$4.00  | 37,919              |
| \$4.01 - \$7.00  | -                   |
| \$7.01 - \$10.00 | 1,000               |
| \$10.01 +        | 2,100               |
|                  | 886,176             |

#### Warrants

During the quarter ended September 30, 2010, the Company also granted 250,000 warrants at a price of \$0.20 to members of the Company's Board of Directors for services rendered which were fully vested at the date of grant. During the quarter ended September 30, 2010, the Company expensed the full grant date fair value of the award of \$18,942 which was determined using a Black Scholes option pricing model using the following assumptions: volatility of 69%, risk-free rate of return of 0.87%, stock price of \$0.15 and expected term of 5 years. The warrants expire in 2015.

The following table summarizes the Company's warrant activity during the nine months ended September 30, 2010:

|                                    | Number of<br>Units | Weighted-<br>Average<br>Exercise<br>Price | Weighted-<br>Average<br>Remaining<br>Contractual<br>Term<br>(in years) |
|------------------------------------|--------------------|-------------------------------------------|------------------------------------------------------------------------|
| Outstanding at December 31, 2009   | 1,707,447          | \$ 1.46                                   |                                                                        |
| Grants                             | 250,000            | 0.20                                      |                                                                        |
| Forfeitures                        | (314,974)          | 4.58                                      |                                                                        |
| Exercises                          | -                  | -                                         |                                                                        |
| Outstanding at September 30, 2010  | 1,642,473          | \$ 0.67                                   | 2.9                                                                    |
| Exerciseable at September 30, 2010 | 1,642,473          | \$ 0.67                                   | 2.9                                                                    |

The following table sets forth exercise prices of outstanding warrants at September 30, 2010:

| Exercise Price  | Number of<br>Shares |
|-----------------|---------------------|
| \$0.01 - \$0.10 | 855,145             |
| \$0.20          | 250,000             |
| \$1.20 - \$1.30 | 417,483             |
| \$2.50 - \$5.00 | 119,845             |
|                 | 1,642,473           |

### Note 3: Recently Adopted Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, Improving Disclosures about Fair Value Measurements (ASU 2010-06). This update provides amendments to Subtopic 820-10 and requires new disclosures for 1) significant transfers in and out of Level 1 and Level 2 and the reasons for such transfers and 2) activity in Level 3 fair value measurements to show separate information about purchases, sales, issuances and settlements. In addition, this update amends Subtopic 820-10 to clarify existing disclosures around the disaggregation level of fair value measurements and disclosures for the valuation techniques and inputs utilized (for Level 2 and Level 3 fair value measurements). The provisions in ASU 2010-06 are applicable to interim and annual reporting periods beginning subsequent to December 15, 2009, with the exception of Level 3 disclosures of purchases, sales, issuances and settlements, which will be required in reporting periods beginning after December 15, 2010. The adoption of ASU 2010-06 did not impact the Company's operating results, financial position or cash flows.

In February 2010, FASB issued ASU No. 2010-09, Amendments to Certain Recognition and Disclosure Requirements (ASU 2010-09). This update amends Subtopic 855-10 and gives a definition to SEC filer, and requires SEC filers to assess for subsequent events through the issuance date of the financial statements. This amendment states that an SEC filer is not required to disclose the date through which subsequent events have been evaluated for a reporting period. ASU 2010-09 becomes effective upon issuance of the final update. The Company adopted the provisions of ASU 2010-09 for the period ended June 30, 2010.

In April 2010, the FASB issued ASU No. 2010-12, Accounting for Certain Tax Effects of the 2010 Health Care Reform Acts (ASU 2010-12). This update clarifies questions surrounding the accounting implications of the different signing dates of the Health Care and Education Reconciliation Act (signed March 30, 2010) and the Patient Protection and Affordable Care Act (signed March 23, 2010). ASU 2010-12 states that the FASB and the Office of the Chief Accountant at the SEC would not be opposed to view the two Acts together for accounting purposes. The Company is currently assessing the impact, if any, the adoption of ASU 2010-12 will have on the Company's disclosures, operating results, financial position and cash flows.

## Note 4: Net Income (Loss) Per Share

Basic income (loss) per share is computed based on the weighted average number of common shares outstanding and excludes any potential dilution. Diluted loss per share reflects potential dilution from the exercise or conversion of securities into common stock. The effects of certain stock options and warrants are excluded from the determination of the weighted average common shares outstanding for diluted income per share in each of the periods presented as the effects were antidilutive and as the exercise price for the outstanding instruments exceeded the average market price for the Company's common stock.

Computation of net income (loss) per share is as follows:

|                                                              | Three Months Ended September<br>30, |            | Nine Months Ended September<br>30, |              |
|--------------------------------------------------------------|-------------------------------------|------------|------------------------------------|--------------|
|                                                              | 2010                                | 2009       | 2010                               | 2009         |
| Net income (loss) attributable to America's Suppliers        | \$ 183,774                          | \$ 12,461  | \$ 219,509                         | \$ (139,233) |
| Basic and diluted weighted average common shares outstanding | 12,925,348                          | 12,925,412 | 12,925,348                         | 12,877,387   |
| Add incremental shares for:                                  |                                     |            |                                    |              |
| Stock options                                                | -                                   | -          | -                                  | -            |
| Warrants                                                     | 246,960                             | 570,096    | 136,573                            | -            |
| Diluted weighted average common shares outstanding           | 13,172,308                          | 13,495,508 | 13,061,921                         | 12,877,387   |
| Net income (loss) per share:                                 |                                     |            |                                    |              |
| Basic                                                        | \$ 0.01                             | \$ -       | \$ 0.02                            | \$ (0.01)    |
| Diluted                                                      | \$ 0.01                             | \$ -       | \$ 0.02                            | \$ (0.01)    |

The following potentially dilutive securities were excluded from the computation of diluted net income (loss) per share because their effect would have been anti-dilutive:

|               | Nine Months Ended<br>September 30, |           |
|---------------|------------------------------------|-----------|
|               | 2010                               | 2009      |
| Stock options | 886,176                            | 574,901   |
| Warrants      | 787,328                            | 1,707,450 |

Additionally, an aggregate of 1,180,509 shares of unvested restricted stock were excluded from the computation of diluted earnings per share as these shares are subject to market performance conditions that were not met as of September 30, 2010.

## Note 5: Related Party Transactions

During the quarter ended September 30, 2010, the Company granted awards of restricted stock and warrants to members of its Board of Directors as described in Note 2.

Note 6: Subsequent Events

On October 1, 2010, the Company agreed with Business Calcium to exchange its 25% investment in Business Calcium and a \$50,000 promissory note for Business Calcium's 10% noncontrolling interest in WOW. The unsecured note bears interest at 6% annually.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis provides information that management believes is relevant for an assessment and understanding of our results of operations and financial condition. The following selected financial information is derived from our historical consolidated financial statements and should be read in conjunction with such consolidated financial statements and notes thereto set forth elsewhere herein and the "Forward-Looking Statements" explanation included herein. This information should also be read in conjunction with our audited historical consolidated financial statements which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, filed with the Securities and Exchange Commission on March 23, 2010.

Overview

We develop software programs that allow us to provide general merchandise for resale to businesses through our website at [www.DollarDays.com](http://www.DollarDays.com). We have been recognized as a leader in the Internet wholesale market of discounted merchandise by a leading business periodical and numerous trade associations. Our objective is to provide a one-stop discount shopping destination for general merchandise to smaller distributors, retailers and non-profits nationwide seeking single and small case-sized lots at bulk prices. We launched our first website in October 2001. The site offers customers an opportunity to shop for bargains conveniently, while offering our suppliers an alternative sales channel. We believe our website offers a unique benefit to smaller businesses in that they are able to purchase goods from wholesalers and importers in single and small case lots, with no minimum purchase requirements at discounted prices. We believe the prevailing reason our business has been able to obtain bulk pricing for single case lots is our ability to reach smaller distributors, retailers and non-profits that most general merchandise suppliers cannot economically reach. We provide all the logistics and customer support to serve this sales channel and grow our customer base.

We continually add new, limited inventory products to our website in order to create an atmosphere that encourages customers to visit frequently and purchase products before the inventory sells out. Through our Internet catalog, we offer approximately 85,000 products, including up to 10,000 closeout items at further discounted prices. Closeout merchandise is typically available in inconsistent quantities and prices.

We accept orders, either online or via telephone sales staff, collect payment in the form of credit or debit card, PayPal or similar means, and coordinate with manufacturers, importers and close-out specialists regarding delivery particulars. PayPal refers to the online payment platform located at [www.paypal.com](http://www.paypal.com) and its localized counterparts. Our proprietary software and service procedures allow us to sell merchandise to a single customer, and bill as a single order, items purchased and delivered from multiple suppliers. We do not take possession of inventory, but we are responsible for processing customer claims and returns.

Our website has a registered base of approximately 2.0 million small businesses and receives approximately 2.8 million monthly page views. We receive an average of approximately 4,000 orders per month. Our target audience is smaller businesses.

America's Suppliers, Inc. becomes Parent of Insignia Solutions plc

On December 14, 2009, ASI became the holding company of Insignia pursuant to a Scheme of Arrangement under Section 897 of the UK Companies Act of 2006 that was approved by the Insignia stockholders on November 30, 2009 and the High Court of Justice in England and Wales on December 14, 2009. Pursuant to the Scheme of Arrangement, every Ordinary Share of Insignia was exchanged at a ratio of ten Ordinary Shares for one share of Common Stock of ASI. All outstanding Insignia options and warrants were assumed by ASI, adjusted as per the Exchange Ratio, and such options and warrants are now exercisable for shares of ASI common stock. Insignia is now a wholly-owned

subsidiary of ASI. The securities issued in the transaction were issued in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 3(a)(10) promulgated thereunder.

## New Business Ventures

In December 2009, we entered into a series of agreements to develop WowMyUniverse.com, Inc. ("Wow"), a retail online business to sell directly to consumers, and Business Calcium, Inc. ("Business Calcium"), a website development company. Under these agreements, we are obligated to pay an aggregate of \$260,000 beginning in January 2010, consisting of \$60,000 for consulting fees and \$200,000 in exchange for a 25% equity interest in Business Calcium and a 90% interest in Wow. As of September 30, 2010, the Company is obligated to pay a remaining \$10,000 in consulting fees which will be paid in the fourth quarter of 2010.

As part of these agreements, Business Calcium owns the remaining 10% interest in Wow. Business Calcium has a put option which, if exercised, would require us to repurchase this 10% interest in Wow in exchange for a cash payment equal to 5.7 times Wow's trailing twelve month EBITDA. This put option is exercisable at December 2011. At September 30, 2010, we assigned a fair value of \$0 to this instrument based on the current operating performance of Wow.

During the nine months ended September 30, 2010, Business Calcium and Wow incurred net operating losses of \$96,219 and \$98,153, respectively, as these entities were in the development stage and have yet to generate revenues. Business Calcium is accounted for as an equity-method investment and our proportionate share of their losses were \$24,055 which is reflected in other income (expense) in the accompanying consolidated income statement. Wow is accounted for as a consolidated subsidiary, and the noncontrolling interest in Wow's losses were \$9,187 for the nine months ended September 30, 2010.

On October 1, 2010, we entered into an agreement with Business Calcium to exchange our 25% investment in Business Calcium and a \$50,000 promissory note for Business Calcium's 10% noncontrolling interest in WOW. The unsecured note bears interest at 6% annually.

## Recent Operating Performance

During the first nine months of 2010, we have generated net income totaling \$308,476 from our primary operating subsidiary, DollarDays. We have recently made investments in new business ventures as outlined above which have reduced our profitability, yet we have generated net income on a consolidated basis for three consecutive quarters. While there can be no assurance that we will continue to generate profits in the future, we are excited about the growth of our core business and the potential of our new investments.

## Results of Operations

### Net Revenues

| Net Revenues                     | 2010          | 2009         | Change from<br>Prior Year | Percent<br>Change<br>from Prior<br>Year |
|----------------------------------|---------------|--------------|---------------------------|-----------------------------------------|
| Three months ended September 30, | \$ 4,542,949  | \$ 3,551,417 | \$ 991,532                | 27.9%                                   |
| Nine months ended September 30,  | \$ 11,300,347 | \$ 9,266,244 | \$ 2,034,103              | 22.0%                                   |

Net revenues increased for the three and nine months ended September 30, 2010 as compared to the three and nine months ended September 30, 2009, as a result of our continuing marketing efforts and increased business development programs. Factors that influence future revenue growth include general economic conditions, our ability to attract vendors that offer compelling products and the impact of our marketing activities.

Advertising Revenue

| Advertising Revenue              | 2010       | 2009       | Change<br>from<br>Prior Year | Percent<br>Change<br>from Prior<br>Year |
|----------------------------------|------------|------------|------------------------------|-----------------------------------------|
| Three months ended September 30, | \$ 55,356  | \$ 51,273  | \$ 4,083                     | 8.0%                                    |
| Nine months ended September 30,  | \$ 168,080 | \$ 149,095 | \$ 18,985                    | 12.7%                                   |

Advertising revenue increased during the three and nine months ended September 30, 2010 as compared to the three and nine months ended September 30, 2009 as a result of our continuing marketing efforts and increased business development programs.

#### Cost of Goods Sold

| Cost of Goods Sold               | 2010         | 2009         | Change from<br>Prior Year | Percent<br>Change<br>from Prior<br>Year |
|----------------------------------|--------------|--------------|---------------------------|-----------------------------------------|
| Three months ended September 30, | \$ 3,081,502 | \$ 2,359,939 | \$ 721,563                | 30.6%                                   |
| Nine months ended September 30,  | \$ 7,567,726 | \$ 6,143,135 | \$ 1,424,591              | 23.2%                                   |

Cost of goods sold increased during the three and nine months ended September 30, 2010 as compared to the three and nine months ended September 30, 2009, due primarily to the increase in net revenues as discussed above. Factors which may influence the cost of goods sold include our general sales volumes, negotiated terms with vendors and general economic conditions.

Gross margins have decreased only slightly from the comparable periods for both the three and the nine months ended September 30, 2010. Margins were 33% and 34% for the three months ended September 30, 2010 and 2009, respectively and 34% and 35% for the nine months ended September 30, 2010 and 2009, respectively. These margins are influenced by the volume and mix of products sold in the period.

#### Sales and Marketing

| Sales and Marketing              | 2010         | 2009         | Change<br>from<br>Prior Year | Percent<br>Change<br>from Prior<br>Year |
|----------------------------------|--------------|--------------|------------------------------|-----------------------------------------|
| Three months ended September 30, | \$ 858,199   | \$ 740,343   | \$ 117,856                   | 15.9%                                   |
| Nine months ended September 30,  | \$ 2,214,199 | \$ 2,006,430 | \$ 207,769                   | 10.4%                                   |

Sales and marketing expenses include fees for attracting users to our site, including search engine optimization, telemarketing and other marketing efforts as well as promotional activities to increase sales by end users. Sales and marketing expenses increased in the three and nine months ended September 30, 2010 as compared to the three and nine months ended September 30, 2009 due to increased efforts to generate revenues through increased pay-per-click advertising, increased search optimization fees, greater shipping promotions, and increased sales personnel. Additionally, we added new sales associates to drive revenues, which fees are a percentage of the resulting sales.

As a percent of revenue, sales and marketing expenses have decreased 2% to 19% in the three months ended September 30, 2010 compared to 21% the three months ended September 30, 2009. We believe this decrease is the result of our marketing efforts in 2010 which have helped our sales to increase at a greater rate than our marketing spending. For the nine months ended September 30, 2010 and 2009, sales and marketing as a percent of revenue has remained unchanged at 19%.

Factors influencing sales and marketing expenses include strategic decisions with respect to the cost-effectiveness of each of our marketing activities.

## General and Administrative

| General and Administrative       | 2010         | 2009         | Change<br>from<br>Prior Year | Percent<br>Change<br>from Prior<br>Year |
|----------------------------------|--------------|--------------|------------------------------|-----------------------------------------|
| Three months ended September 30, | \$ 461,701   | \$ 499,352   | \$ (37,651)                  | (7.5)%                                  |
| Nine months ended September 30,  | \$ 1,446,469 | \$ 1,458,016 | \$ (11,547)                  | (0.8)%                                  |

General and administrative expenses decreased in the three months ended September 30, 2010 as compared to the three months ended September 30, 2009 due primarily to reduced salaries and other cost containment initiatives partially offset by increased stock-based compensation charges and losses associated with the start-up of our Wow subsidiary.

General and administrative expenses decreased in the nine months ended September 30, 2010 as compared to the nine months ended September 30, 2009 for similar reasons as those mentioned for the three months ended September 30, 2010 and 2009, respectively.

Factors that influence the amount of general and administrative expenses include the amount and extent by which we compensate our consultants, executives and directors with stock-based or other compensation, the rate of growth of our business and the extent to which we outsource or bring certain activities in-house.

#### Other Income (Loss)

| Other Income (Loss)              | 2010        | 2009      | Change<br>from<br>Prior Year | Percent<br>Change<br>from Prior<br>Year |
|----------------------------------|-------------|-----------|------------------------------|-----------------------------------------|
| Three months ended September 30, | \$ (14,172) | \$ 9,405  | \$ (23,577)                  | (250.7)%                                |
| Nine months ended September 30,  | \$ (29,711) | \$ 53,009 | \$ (82,720)                  | (156.0)%                                |

Other loss for the three months ended September 30, 2010 included \$15,251 of losses on our investment in Business Calcium partially offset by \$1,079 of interest income. Other income for the three months ended September 30, 2009 consisted of \$64 interest expense offset by \$9,469 of interest income on cash balances and short-term investments.

Other loss for the nine months ended September 30, 2010 included \$24,055 of losses on our investment in Business Calcium and \$8,708 loss on disposal of fixed assets, partially offset by \$3,052 of interest income. Other income for the nine months ended September 30, 2009 consisted of \$3,036 of mark-to-market gains on our derivative liability for previously unauthorized shares, and \$35,949 of interest income on cash balances and short-term investments and other miscellaneous income.

#### Net Income (Loss)

| Net Income (Loss)                | 2010       | 2009         | Change<br>from<br>Prior Year | Percent<br>Change<br>from Prior<br>Year |
|----------------------------------|------------|--------------|------------------------------|-----------------------------------------|
| Three months ended September 30, | \$ 183,774 | \$ 12,461    | \$ 171,313                   | 1374.8%                                 |
| Nine months ended September 30,  | \$ 219,509 | \$ (139,233) | \$ 358,742                   | 257.7%                                  |

Our net income for the three and nine months ended September 30, 2010 as compared to net losses for the three and nine months ended September 30, 2009 is attributable to improved operating efficiencies and improved revenues, partially offset by losses incurred by our start-up ventures, Wow and Business Calcium, during the three and nine months ended September 30, 2010.

## Liquidity and Capital Resources

Our operating cash inflows were \$740,906 for the nine months ended September 30, 2010, as compared to outflows of \$578,620 for the nine months ended September 30, 2009, constituting an increase in cash provided by operations of \$1,319,526. The change in net operating cash inflows is attributable to an improvement in net income of \$358,742, an increase in changes in working capital and other operating assets and liabilities of \$906,084, plus fewer non-cash charges of \$54,700.

Investing cash outflows for the nine months ended September 30, 2010 consisted of \$85,000 of cash received from the sale of short-term investments, partially offset by a net cash outlay of \$100,395 for our investment in Business Calcium (consisting of an aggregate investment of \$109,582, of which \$9,187 was used for Business Calcium's investment in Wow, a consolidated entity) and \$151,170 of investments in equipment and website development costs to support our business operations and expansion into the consumer marketplace. Investing cash inflows for the nine months ended September 30, 2009 consisted of \$988,933 of cash from the sale of short-term investments, partially offset by \$106,189 of investments in equipment.

Financing cash outflows were \$0 for the nine months ended September 30, 2010. We had financing outflows of \$65,212 for the nine months ended September 30, 2009 due to the repurchase of shares from certain debtholders.

Our consolidated financial statements have been prepared assuming we will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have a recent history of operating losses and operating cash outflows. These factors raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from this uncertainty.

We intend to generate operating cash flows through the growth of our existing business, the improvement of operating margins and by growth through acquisitions. Although there can be no assurance, management believes such measures will provide enough liquidity to operate our current business and continue as a going concern in the short term.

## Off-balance sheet arrangements

We did not have any off-balance sheet arrangements at September 30, 2010.

## Item 3. Quantitative and Qualitative Disclosure About Market Risk

Not applicable.

## Item 4. Controls and Procedures.

Disclosure controls and procedures are designed with an objective of ensuring that information required to be disclosed in our periodic reports filed with the Securities and Exchange Commission, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. Disclosure controls are also designed with an objective of ensuring that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, in order to allow timely consideration regarding required disclosures.

The evaluation of our disclosure controls by our principal executive officer and principal financial officer included a review of the controls' objectives and design, the operation of the controls, and the effect of the controls on the

information presented in this Quarterly Report. Our management, including our principal executive officer and principal financial officer, does not expect that disclosure controls can or will prevent or detect all errors and all fraud, if any. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Also, projections of any evaluation of the disclosure controls and procedures to future periods are subject to the risk that the disclosure controls and procedures may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on their review and evaluation as of the end of the period covered by this Quarterly Report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective as of the end of the period covered by this report. During the period covered by this Quarterly Report, there have not been any changes in our internal control over financial reporting that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

#### Changes In Internal Controls Over Financial Reporting

There have not been any changes in internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ending September 30, 2010, that have materially affected, or are reasonably likely to affect, our internal controls over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

None.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Reserved.

Item 6. Exhibits.

| Exhibit<br>Number | Description                                                                                                             |
|-------------------|-------------------------------------------------------------------------------------------------------------------------|
| 31.1              | Certification of Principal Executive Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934 |
| 31.2              | Certification of Principal Financial Officer Pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934 |
| 32.1              | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  |
| 32.2              | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002  |

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, thereunto duly authorized.

AMERICA'S SUPPLIERS, INC.

By: /s/ Marc Joseph  
Marc Joseph  
President  
(Principal Executive Officer)

By: /s/ Michael Moore  
Michael Moore  
Treasurer and Secretary  
(Principal Financial Officer)