

APAC CUSTOMER SERVICE INC

Form 10-Q

November 10, 2005

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 October 2, 2005

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 0-26786

APAC Customer Services, Inc.

(Exact name of registrant as specified in its charter)

Illinois
(State or other jurisdiction
of incorporation or organization)

36-2777140
(I.R.S. Employer
Identification No.)

Six Parkway North, Deerfield, Illinois 60015
(Address of Principal Executive Offices, Zip Code)

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Registrant's telephone number, including area code: **(847) 374-4980**

Indicate by check mark whether 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 periods 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 is an accelerated filer (as defined in rule 12b-2 of the Exchange Act).

Yes

No

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act).

Yes

No

There were 49,454,654 common shares, \$0.01 par value per share, outstanding as of November 10, 2005.

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Part I. Financial Information

Item 1. Consolidated Condensed Financial Statements

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Consolidated Condensed Balance Sheets

(Unaudited)

(In thousands, except per share data)

	October 2, 2005	January 2, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 859	\$ 271
Accounts receivable, net	33,278	41,002
Other current assets	11,592	11,253
Total current assets	45,729	52,526
Property and equipment, net	21,827	24,214
Goodwill	13,338	23,876
Other intangible assets, net	10,928	12,688
Deferred taxes	12,994	5,748
Other assets	931	481
Total assets	\$ 105,747	\$ 119,533
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 5,361	\$ 313
Accounts payable	3,991	3,544
Income taxes payable	17,196	16,629
Accrued payroll and related items	14,602	15,048
Accrued liabilities	10,299	8,481
Total current liabilities	51,449	44,015
Long-term debt, less current maturities		
Other liabilities	1,163	1,355
Commitments and contingencies		
Shareholders' equity		
Common shares, \$0.01 par value; 200,000,000 shares authorized; 49,695,699 shares issued and outstanding at October 2, 2005, and January 2, 2005	497	497
Additional paid-in capital	99,598	99,598
Accumulated deficit	(45,814)	(24,912)
Accumulated other comprehensive loss	(299)	(173)
Treasury shares: 241,045 shares, at cost at October 2, 2005, and January 2, 2005	(847)	(847)
Total shareholders' equity	53,135	74,163
Total liabilities and shareholders' equity	\$ 105,747	\$ 119,533

See notes to consolidated condensed financial statements

APAC Customer Services, Inc. and Subsidiaries

Consolidated Condensed Statements of Operations

(Unaudited)

(In thousands, except share data)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 2, 2005	September 26, 2004	October 2, 2005	September 26, 2004
Net revenue	\$ 56,343	\$ 64,626	\$ 180,176	\$ 204,036
Cost of services	50,966	58,060	165,275	176,686
Gross Profit	5,377	6,566	14,901	27,350
Operating expenses:				
Selling, general and administrative expenses	8,082	9,967	27,054	30,468
Restructuring and other charges				