

America's Suppliers, Inc.
Form 10-Q
August 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: June 30, 2012

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 registrant 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

(Registrant's telephone number, including area code)

Not applicable

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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

| | |
|--|---|
| Large accelerated filer <input type="checkbox"/> | Accelerated filer <input type="checkbox"/> |
| Non-accelerated filer <input type="checkbox"/> | Smaller reporting company <input checked="" type="checkbox"/> |

(Do not check if a 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: 13,970,339 shares of common stock as of August 1, 2012.

AMERICA'S SUPPLIERS, INC.

FORM 10-Q FOR QUARTERLY PERIOD ENDED JUNE 30, 2012

Table of Contents

| | Page |
|---|------|
| PART I – FINANCIAL INFORMATION | 1 |
| 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 | 9 |
| Item 3. Quantitative and Qualitative Disclosures About Market Risk | 11 |
| Item 4. Controls and Procedures | 12 |
| PART II – OTHER INFORMATION | 13 |
| Item 1. Legal Proceedings. | 13 |
| Item 1A. Risk Factors. | 13 |
| Item 2. Unregistered Sales of Equity Securities and Use of Proceeds | 13 |
| Item 3. Defaults Upon Senior Securities | 13 |
| Item 4. Mine Safety Disclosures | 13 |
| Item 5. Other Information. | 13 |
| Item 6. Exhibits | 14 |
| SIGNATURES | 15 |

PART I – FINANCIAL INFORMATION

Forward-Looking Information

Unless otherwise indicated, the terms “America’s Suppliers,” “ASI,” “Insignia Solutions plc,” “Insignia,” the “Company,” “we,” “us,” 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, 2011.

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**

| | June 30, 2012 (unaudited) | December 31, 2011 |
|--|---------------------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$645,381 | \$ 655,219 |
| Certificates of deposit | 210,022 | 425,031 |
| Accounts receivable, net | 304,727 | 148,905 |
| Inventory | 11,862 | 38,908 |
| Note receivable - current portion | 51,500 | 53,008 |
| Prepaid expenses and other current assets | 188,329 | 62,462 |
| Total current assets | 1,411,821 | 1,383,533 |
| Property and equipment, net | 454,041 | 467,263 |
| Deposits and other assets | 7,250 | 7,250 |
| Total assets | \$1,873,112 | \$ 1,858,046 |
| Liabilities and Shareholders' Equity | | |
| Accounts payable | \$1,537,829 | \$ 1,679,366 |
| Accrued expenses | 247,111 | 138,143 |
| Deferred revenue | - | 30,000 |
| Other liabilities | - | 2,931 |
| Total current liabilities | 1,784,940 | 1,850,440 |
| ASI shareholders' equity: | | |
| Preferred shares, \$0.001 par value, 1,000,000 shares authorized, no shares outstanding at June 30, 2012 and December 31, 2011 | - | - |
| Common stock, \$0.001 par value, 50,000,000 shares authorized, 13,970,339 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively | 13,970 | 13,970 |
| Additional paid in capital | 6,732,188 | 6,703,625 |
| Accumulated deficit | (6,657,986) | (6,709,989) |
| Total shareholders' equity | 88,172 | 7,606 |
| Total liabilities and shareholders' equity | \$1,873,112 | \$ 1,858,046 |

See accompanying notes to unaudited consolidated financial statements.

AMERICA'S SUPPLIERS, INC.**CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|---------------|---------------------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Net revenues | \$ 3,954,957 | \$ 4,127,200 | \$ 7,299,936 | \$ 7,420,626 |
| Advertising revenue | 184,421 | 48,053 | 303,278 | 109,576 |
| Cost of goods sold | 2,567,706 | 2,847,653 | 4,771,732 | 5,042,850 |
| Gross profit | 1,571,672 | 1,327,600 | 2,831,482 | 2,487,352 |
| Operating expenses: | | | | |
| Sales and marketing | 898,753 | 945,412 | 1,647,245 | 1,662,906 |
| General and administrative | 578,038 | 599,301 | 1,134,216 | 1,169,928 |
| Total operating expenses | 1,476,791 | 1,544,713 | 2,781,461 | 2,832,834 |
| Operating income (loss) | 94,881 | (217,113) | 50,021 | (345,482) |
| Other income | 941 | 1,406 | 1,982 | 2,989 |
| Income (loss) before income taxes | 95,822 | (215,707) | 52,003 | (342,493) |
| Income tax expense | - | (5,045) | - | (5,045) |
| Net income (loss) | \$ 95,822 | \$ (220,752) | \$ 52,003 | \$ (347,538) |
| Net income (loss) per share: | | | | |
| Basic | \$ 0.01 | \$ (0.02) | \$ - | \$ (0.03) |
| Diluted | \$ 0.01 | \$ (0.02) | \$ - | \$ (0.03) |
| Weighted average common shares outstanding | | | | |
| Basic | 13,970,339 | 13,214,830 | 13,885,941 | 13,145,475 |
| Diluted | 14,300,855 | 13,214,830 | 14,189,871 | 13,145,475 |

See accompanying notes to unaudited consolidated financial statements.

AMERICA'S SUPPLIERS, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)**

| | Six Months Ended June 30, | |
|--|------------------------------|-------------|
| | 2012 | 2011 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$52,003 | \$(347,538) |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | | |
| Depreciation and amortization | 55,964 | 43,346 |
| Bad debt expense | 12,792 | 7,347 |
| Stock-based compensation | 28,563 | 110,838 |
| Write-off of deferred financing costs | - | 40,000 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (168,614) | (89,788) |
| Inventory | 27,046 | 15 |
| Prepaid and other current assets | (125,867) | 7,921 |
| Deposits and other assets | - | (6) |
| Accounts payable | (141,537) | (155,972) |
| Accrued expenses | 108,968 | (93,904) |
| Accrued interest on loan to Business Calcium | 1,508 | - |
| Deferred revenue | (30,000) | (8,569) |
| Other liabilities | (2,931) | (291) |
| Net cash used in operating activities | (182,105) | (486,601) |
| Cash flows from investing activities: | | |
| Maturities of certificates of deposit | 215,009 | 500,000 |
| Loans to Business Calcium | - | (30,000) |
| Purchases of property and equipment | (42,742) | (17,977) |
| Net cash provided by investing activities | 172,267 | 452,023 |
| Cash flows from financing activities | - | - |
| Change in cash and cash equivalents | (9,838) | (34,578) |
| Cash and cash equivalents, beginning of period | 655,219 | 397,209 |
| Cash and cash equivalents, end of period | 645,381 | 362,631 |

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

America's Suppliers, Inc. (the "Company") is an Internet-based provider of general merchandise through its wholly owned subsidiaries, DollarDays International, Inc. ("DollarDays"), and WowMyUniverse.com ("Wow"). DollarDays is a wholesaler of general merchandise to small independent resellers through its website www.DollarDays.com. Wow targets general consumers through its website WowMyUniverse.com. Orders are placed by customers through the Company's websites 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, 2011. The accounting policies are described in the "Notes to the Consolidated Financial Statements" in the 2011 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 six months ended June 30, 2012 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.

Note 2: Balance Sheet Information

Note Receivable

On October 1, 2010, the Company entered into an agreement to exchange its 25% ownership in Business Calcium Inc. (“Business Calcium”) for its 10% interest in our consolidated subsidiary, WowMyUniverse.com, thereby making WowMyUniverse a wholly-owned subsidiary. As part of the transaction, the Company loaned Business Calcium \$50,000 with interest at 6%. The note repayments were to commence in July 2011 with the remaining balance due December 31, 2012. The Company has yet to receive principal payments, but has been receiving interest payments and is currently in negotiations to receive payment in kind in the form of inventory and product for resale.

Note 3: Equity Compensation

Restricted Stock

On February 25, 2009, the Company granted of an aggregate of 1,475,636 common shares that vested in part based upon the Company achieving certain performance criteria as stipulated in the agreement. On June 10, 2011, 894,991 shares were still outstanding but had yet to be vested. On June 10, 2011, as consideration for services rendered, the Company modified the award to waive the performance criteria and establish a time-based vesting schedule, with 634,645 shares immediately vested and 260,345 shares vested in February 2012.

The Company accounted for this as a share-based payment modification in accordance with the provisions of the FASB Accounting Standards Codification (“ASC”) Section 718. As such, the Company computed the fair value immediately before and after the modification, and expensed the incremental difference of \$120,824, together with the unrecognized compensation cost attributable to the original grant of \$1,738 on a pro rata basis over the remaining service period. The Company recognized total expense of \$8,913 during the three months ended March 31, 2012, and no future expense will be recognized related to these stock awards.

Stock Options

The Company has historically granted stock options to certain vendors and employees as well as in connection with certain financing transactions.

On January 13, 2012, the Company granted 141,000 stock options at a strike price of \$0.15 to certain officers and employees. The grant date fair value of the awards was \$8,219 (net of estimated forfeitures of 10%), which was determined using a Black Scholes option pricing model using the following assumptions: volatility of 72%, risk-free rate of return of .36%, stock price of \$0.15 and expected term of 2.5 years. The options expire in 2016. The Company is expensing these awards on a straight line basis over the vesting period.

On May 17, 2012, the Company granted 210,000 stock options at a strike price of \$0.17 to the members of its Board of Directors. The grant date fair value of the awards was \$13,465, which was determined using a Black Scholes option pricing model using the following assumptions: volatility of 62%, risk-free rate of return of .35%, stock price of \$0.17 and expected term of 2.5 years. The options expire in 2017. As these awards vested immediately, the Company expensed the entire fair value of the award during the three months ended June 30, 2012.

The following table summarizes the Company's stock option activity during the six months ended June 30, 2012:

| | Number of Units | Weighted- Average Exercise Price | Weighted- Average Remaining Contractual Term (in years) |
|----------------------------------|--------------------|--|---|
| Outstanding at December 31, 2011 | 1,022,685 | \$ 0.81 | 2.6 |
| Grants | 351,000 | 0.16 | |
| Forfeitures | (140,615) | 1.75 | |
| Exercises | - | - | |
| Outstanding at June 30, 2012 | 1,233,070 | \$ 0.62 | 3.1 |
| Exerciseable at June 30, 2012 | 844,218 | \$ 0.68 | 2.9 |

The Company recognized expense of \$19,650 during the six months ended June 30, 2012 related to stock option awards, including expense associated with awards granted in 2011. The Company has an aggregate of \$12,973 of future expense (net of estimated forfeitures) related to non-vested awards which will be recognized over a weighted average period of 2.0 years. The options had an intrinsic value of \$6,330 at June 30, 2012.

The following table sets forth exercise prices of outstanding options at June 30, 2012.

| Exercise Price | Number of Shares Outstanding | Exerciseable |
|-----------------|------------------------------|--------------|
| \$0.15-\$0.20 | 991,086 | 602,234 |
| \$1.70 - \$7.50 | 240,984 | 240,984 |
| \$26.80 | 1,000 | 1,000 |
| | 1,233,070 | 844,218 |

Warrants

During the six months ended June 30, 2012, there was no warrant activity. The following table sets forth details regarding outstanding warrants at June 30, 2012:

| | Number of Units | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (in years) | Intrinsic value |
|-------------------------------|-----------------|---------------------------------|--|-----------------|
| Outstanding at June 30, 2012 | 1,722,628 | \$ 0.41 | 1.6 | \$68,412 |
| Exerciseable at June 30, 2012 | 1,722,628 | \$ 0.41 | 1.6 | \$68,412 |

All warrants have been fully expensed as of June 30, 2012. The following table sets forth exercise prices of outstanding warrants at June 30, 2012:

| Exercise Price | Number of Shares |
|-----------------|------------------|
| \$0.10 | 855,145 |
| \$0.18 | 150,000 |
| \$0.20 | 300,000 |
| \$1.20 - \$1.30 | 417,483 |
| | 1,722,628 |

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.

7

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|--------------|---------------------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Net profit (loss) attributable to America's Suppliers | \$ 95,822 | \$(220,752) | \$52,003 | \$(347,538) |
| Basic weighted average common shares outstanding | 13,970,339 | 13,214,830 | 13,885,941 | 13,145,475 |
| Add incremental shares for: | | | | |
| Stock options | - | - | - | - |
| Warrants | 330,516 | - | 303,930 | - |
| Diluted weighted average common shares outstanding | 14,300,855 | 13,214,830 | 14,189,871 | 13,145,475 |
| Net loss per share: | | | | |
| Basic | \$ 0.01 | \$(0.02) | \$- | \$(0.03) |
| Diluted | \$ 0.01 | \$(0.02) | \$- | \$(0.03) |

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:

| | Six Months Ended June 30, | |
|------------------|---------------------------|-----------|
| | 2012 | 2011 |
| Stock options | 1,233,070 | 1,034,950 |
| Warrants | 867,483 | 1,572,628 |
| Restricted stock | - | 260,345 |

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, 2011, filed with the Securities and Exchange Commission on March 14, 2012.

Overview

We develop software programs that allow us to provide general merchandise for resale to businesses through our website at www.DollarDays.com. We have been recognized as a leader in the Internet wholesale market of discounted merchandise by a leading business periodical and trade associations. Our objective is to provide a one-stop discount shopping destination for general merchandise for 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 225,000 products, including up to 35,000 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 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 230,000 small businesses and receives approximately 3 million monthly page views. We receive an average of approximately 5,000 orders per month. Our target audience is smaller businesses and not-for-profit companies.

During 2010, we established a majority-owned subsidiary, WowMyUniverse.com to develop a retail online business to sell directly to consumers. On October 1, 2010, this subsidiary became wholly owned as we acquired the non-controlling interest in exchange for our interest in an unconsolidated subsidiary. While we experienced limited sales through test marketing in early 2011, we began full operations in the second half of 2011. Net losses from WowMyUniverse.com were \$14,154 and \$2,887 for the three months ended June 30, 2012 and 2011, respectively, and \$47,668 and \$41,972 for the six months ended June 30, 2012 and 2011, respectively.

Results of Operations

Net Revenues

| Net Revenues | 2012 | 2011 | Change from Prior Year | Percent Change from Prior Year |
|-----------------------------|-------------|-------------|---------------------------|-----------------------------------|
| Three months ended June 30, | \$3,954,957 | \$4,127,200 | \$ (172,243) | (4.2)% |
| Six months ended June 30, | \$7,299,936 | \$7,420,626 | \$ (120,690) | (1.6)% |

Net revenues decreased for the three and six months ended June 30, 2012, as compared to the three and six months ended June 30, 2011, as a result of a coupon promotion in April 2011, and smaller average order sizes. This coupon promotion had negative unintended consequences and was subsequently terminated. Our smaller average order quantities in 2012 are believed to be correlated to the state of the economy. 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.

Cost of Goods Sold

| Cost of Goods Sold | 2012 | 2011 | Change from Prior Year | Percent Change from Prior Year |
|-----------------------------|-------------|-------------|---------------------------|-----------------------------------|
| Three months ended June 30, | \$2,567,706 | \$2,847,653 | \$ (279,947) | (9.8)% |
| Six months ended June 30, | \$4,771,732 | \$5,042,850 | \$ (271,118) | (5.4)% |

Cost of goods sold decreased during the three and six months ended June 30, 2012 as compared to the three months and six months ended June 30, 2011 due primarily to the decrease in net revenues as discussed above, as well as a one-time increase in shipping costs during April 2011 related to coupon promotion. Gross margins as a percentage of total revenue were 38.0% and 37.2% for the three and six months ended June 30, 2012 as compared to 31.8% and 33% for the three and six months ended June 30, 2011. Factors which may influence the cost of goods sold include our general sales volumes, negotiated terms with vendors and general economic conditions.

Sales and Marketing

| Sales and Marketing | 2012 | 2011 | Change from Prior Year | Percent Change from Prior Year |
|-----------------------------|-------------|-------------|---------------------------|-----------------------------------|
| Three months ended June 30, | \$898,753 | \$945,412 | \$ (46,659) | (4.9)% |
| Six months ended June 30, | \$1,647,245 | \$1,662,906 | \$ (15,661) | (0.9)% |

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 decreased in the three and six months ended June 30, 2012 as compared to the three and six months ended June 30, 2011 due to a decrease in marketing promotion costs, offset by an increase in sales salaries, which was a more cost effective approach.

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 | 2012 | 2011 | Change from Prior Year | Percent Change from Prior Year |
|-----------------------------|-------------|-------------|---------------------------|-----------------------------------|
| Three months ended June 30, | \$578,038 | \$599,301 | \$ (21,263) | (3.5)% |
| Six months ended June 30, | \$1,134,216 | \$1,169,928 | \$ (35,712) | (3.1)% |

General and administrative expenses decreased in the three and six months ended June 30, 2012, as compared to the three and six months ended June 30, 2011, due primarily to a decrease in stock option expense and rent expense. The reduction in stock option expense is attributable to timing of awards and our general compensation strategies, while the rent expense reduction was due to a successful renegotiation of our existing lease for our business headquarters.

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 (Expense)

| Other Income (Expense) | 2012 | 2011 | Change from Prior Year | Percent Change from Prior Year |
|-----------------------------|---------|---------|---------------------------|-----------------------------------|
| Three months ended June 30, | \$941 | \$1,406 | \$ (465) | (33.1)% |
| Six months ended June 30, | \$1,982 | \$2,989 | \$ (1,007) | (33.7)% |

Other income (expense) for the three and six months ended June 30, 2012 consisted of interest income on cash balances, short-term investments, notes receivable and other miscellaneous income.

Net Income (Loss)

| Net Income (Loss) | 2012 | 2011 | Change from Prior Year | Percent Change from Prior Year |
|-----------------------------|----------|-------------|---------------------------|-----------------------------------|
| Three months ended June 30, | \$95,822 | \$(220,752) | \$ 316,574 | 143.4 % |
| Six months ended June 30, | \$52,003 | \$(347,538) | \$ 399,541 | 115.0 % |

We earned a profit for the three and six months ended June 30, 2012, as compared to our net loss for the three and six months ended June 30, 2011 primarily due an improvement in gross margins, and decreases in sales and marketing expense and general and administrative expense, each of which is described above.

Liquidity and Capital Resources

Our operating cash outflows were \$182,105 for the six months ended June 30, 2012 as compared to outflows of \$486,601 for the six months ended June 30, 2011 constituting a decrease in cash used by operations of \$304,496. The change in net operating cash outflows is attributable an increase in net income of \$399,541, partially offset by minor changes in non-cash charges and net working capital.

Investing cash inflows for the six months ended June 30, 2012 consisted of \$215,009 of cash received from the maturities of certificates of deposit, partially offset by \$42,742 of investments in equipment and website development costs to support our business operations and expansion into the consumer marketplace. Investing cash inflows for the six months ended June 30, 2011 consisted of \$500,000 of cash received from the maturities of certificates of deposit, partially offset by \$30,000 of loans to Business Calcium and \$17,977 of investments in equipment and website development costs.

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 June 30, 2012.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures.

Disclosure 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. 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.

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 June 30, 2012, 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 1A. Risk Factors.

There have been no material updates to the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

| Exhibit 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 |

14

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 and Chief Executive Officer
(Principal Executive Officer)

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