

ISCO INTERNATIONAL INC  
Form 10-Q  
August 19, 2008

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, 2008

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-22302

ISCO INTERNATIONAL, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

36-3688459  
(I.R.S. Employer  
Identification No.)

1001 CAMBRIDGE DRIVE  
ELK GROVE VILLAGE, ILLINOIS  
(Address of principal executive offices)

60007  
(Zip Code)

(847) 391-9400  
(Registrant's telephone number, including area code)

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 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

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Large accelerated filer [  ]

Accelerated filer [  ]

Non-accelerated filer [  ] (Do not check if a smaller reporting  
company)

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:

Class	Outstanding at July 31, 2008
Common Stock, par value \$0.001 per share	224,379,527

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

ISCO INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	June 30, 2008	December 31, 2007
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 337,320	\$ 1,789,953
Inventory, net	2,908,385	3,043,230
Accounts Receivable, net	1,649,085	2,311,110
Prepaid Expenses and Other	146,821	149,659
Total Current Assets	5,041,611	7,293,952
Property and Equipment	1,757,252	1,437,030
Less: Accumulated Depreciation and Amortization	(1,126,895)	(940,328)
Net Property and Equipment	630,357	496,702
Restricted Certificates of Deposit	131,263	129,307
Other Assets	-	587,824
Goodwill	19,565,268	13,370,000
Intangible assets, net	2,823,397	850,811
Total Assets	\$ 28,191,896	\$ 22,728,596
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Accounts Payable	\$ 701,842	\$ 904,910
Inventory-related Material Purchase Accrual	136,114	240,126
Employee-related Accrued Liability	492,400	331,522
Accrued Professional Services	34,645	106,921
Other Accrued Liabilities and Current Deferred Revenue	865,798	452,581
Total Current Liabilities	2,230,799	2,036,060
Deferred Facility Reimbursement	80,000	87,500
Deferred Revenue - Non Current	154,275	104,940
Notes and Related Accrued Interest with Related Parties	19,207,981	15,939,229
Stockholders' Equity:		
Preferred Stock; 300,000 shares authorized; No shares issued and outstanding		

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at June 30, 2008 and December 31,  
2007

Common Stock (\$.001 par value); 500,000,000 shares authorized; 224,300,360 and 202,259,360 shares issued and outstanding at June 30, 2008 and December 31, 2007, respectively		-	-
Additional Paid-in Capital		229,301	202,260
Treasury Stock		182,386,077	175,281,340
Accumulated Deficit		(130,050)	(95,050)
Total Shareholders' Equity		(175,966,487)	(170,827,683)
Total Liabilities and Shareholders' Equity	\$	6,518,841	4,560,867
		28,191,896	\$ 22,728,596

See the accompanying Notes which are an integral part of the Condensed Consolidated Financial Statements.

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ISCO INTERNATIONAL, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net sales	\$ 2,485,641	\$ 3,422,707	\$ 5,242,806	\$ 4,375,956
<b>Costs and Expenses:</b>				
Cost of sales	1,311,670	1,702,715	2,856,971	2,412,370
Research and development	1,283,713	661,707	2,874,090	1,282,762
Selling and marketing	697,987	671,062	1,634,365	1,254,306
General and administrative	1,195,862	981,732	2,444,449	2,181,379
Total Costs and Expenses	4,489,232	4,017,216	9,809,875	7,130,817
Operating Loss	(2,003,591)	(594,509)	(4,567,06)	