

QUALITY DISTRIBUTION INC
Form 10-Q
November 07, 2008
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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, 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: 000-24180

Quality Distribution, Inc.

(Exact name of registrant as specified in its charter)

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Florida (State or other jurisdiction of incorporation or organization)	59-3239073 (I.R.S. Employer Identification No.)
4041 Park Oaks Boulevard, Suite 200, Tampa, FL (Address of Principal Executive Offices)	33610 (Zip Code)
813-630-5826	

(Registrant's telephone number, including area code)

N/A

(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition 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 (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 Exchange Act Rule 12b-2). Yes No

As of November 3, 2008, the registrant had 19,528,071 shares of Common Stock, no par value, outstanding.

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QUALITY DISTRIBUTION, INC.

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	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
OPERATING REVENUES:				
Transportation	\$ 144,774	\$ 148,900	\$ 445,798	\$ 442,656
Other service revenue	25,494	18,736	78,916	54,847
Fuel surcharge	44,473	24,545	122,490	67,483
Total operating revenues	214,741	192,181	647,204	564,986
OPERATING EXPENSES:				
Purchased transportation	124,800	118,653	376,378	358,027
Compensation	27,519	22,302	83,518	62,558
Fuel, supplies and maintenance	30,031	21,146	93,199	56,545
Depreciation and amortization	5,207	4,468	15,435	12,960
Selling and administrative	8,699	7,442	26,515	21,314
Insurance claims	3,202	3,239	11,629	14,321
Taxes and licenses	1,583	1,105	4,042	2,729
Communication and utilities	3,104	2,952	10,109	8,081
(Gain) loss on disposal of property and equipment	(867)	219	(2,832)	418
Restructuring costs	1,700		4,075	
Total operating expenses	204,978	181,526	622,068	536,953
Operating income	9,763	10,655	25,136	28,033
Interest expense	8,455	7,651	26,246	23,403
Interest income	(128)	(198)	(333)	(573)
Other expense (income)	15	(279)	171	(638)
Income (loss) before income taxes	1,421	3,481	(948)	5,841
Provision for (benefit from) income taxes	704	1,982	(98)	2,229
Net income (loss)	\$ 717	\$ 1,499	\$ (850)	\$ 3,612
PER SHARE DATA:				
Net income (loss) per common share				
Basic	\$ 0.04	\$ 0.08	\$ (0.04)	\$ 0.19
Diluted	\$ 0.04	\$ 0.08	\$ (0.04)	\$ 0.19

Weighted average number of shares

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Basic	19,387	19,357	19,377	19,353
Diluted	19,556	19,488	19,377	19,488

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

Table of Contents**QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES****Consolidated Balance Sheets****(In 000 s)****Unaudited**

	September 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,443	\$ 9,711
Accounts receivable, net	106,352	99,081
Prepaid expenses	9,607	8,150
Deferred tax assets, net	20,483	20,483
Other	6,970	6,258
Total current assets	166,855	143,683
Property and equipment, net	154,178	121,992
Goodwill	173,143	173,575
Intangibles, net	23,124	24,167
Non-current deferred tax assets, net	17,095	16,203
Other assets	11,669	14,356
Total assets	\$ 546,064	\$ 493,976
LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS EQUITY		
Current liabilities:		
Current maturities of indebtedness	\$ 7,213	\$ 413
Current maturities of capital lease obligations	7,892	1,451
Accounts payable	17,485	17,428
Affiliates and independent owner-operators payable	16,349	12,597
Accrued expenses	30,008	25,957
Environmental liabilities	3,875	4,751
Accrued loss and damage claims	9,842	13,438
Income tax payable		555
Total current liabilities	92,664	76,590
Long-term indebtedness, less current maturities	371,671	343,575
Capital lease obligations, less current maturities	17,810	3,832
Environmental liabilities	6,636	6,418
Accrued loss and damage claims	13,831	18,474
Other non-current liabilities	13,652	15,954
Total liabilities	516,264	464,843
Commitments and contingencies - Note 9		
Minority interest in subsidiary	1,833	1,833
SHAREHOLDERS EQUITY		
Common stock, no par value; 29,000 shares authorized; 19,732 issued and 19,528 outstanding at September 30, 2008 and 19,334 issued and 19,176 outstanding at December 31, 2007	362,760	361,617

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Treasury stock, 204 and 158 shares at September 30, 2008 and December 31, 2007	(1,580)	(1,564)
Accumulated deficit	(126,996)	(126,146)
Stock recapitalization	(189,589)	(189,589)
Accumulated other comprehensive loss	(16,394)	(16,748)
Stock subscriptions receivable	(234)	(270)
Total shareholders' equity	27,967	27,300
Total liabilities, minority interest and shareholders' equity	\$ 546,064	\$ 493,976

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

Table of Contents**QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES****Consolidated Statements of Shareholders' Equity****For the Nine Months Ended September 30, 2008 and 2007****Unaudited (In 000 s)**

	Shares of Common Stock	Shares of Treasury Stock	Common Stock	Treasury Stock	Accumulated Deficit	Stock Recapitalization	Accumulated Other Comprehensive Loss	Stock Purchase Warrants	Stock Subscription Receivables	Total Shareholders' Equity
Balance, December 31, 2006	19,210	(172)	\$ 359,995	\$ (1,527)	\$ (118,255)	\$ (189,589)	\$ (18,531)	\$ 21	\$ (340)	\$ 31,774
Net income					3,612					3,612
Issuance of restricted stock	47	11	(25)	25						
Forfeiture of restricted stock		(2)	11	(11)						
Amortization of restricted stock			253							253
Amortization of non-employee options										