

QUALITY DISTRIBUTION INC
Form 10-Q
August 09, 2007
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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 June 30, 2007

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)

Florida
(State or other jurisdiction of

incorporation or organization)

4041 Park Oaks Boulevard, Suite 200, Tampa, FL
(Address of Principal Executive Offices)

813-630-5826

59-3239073
(I.R.S. Employer

Identification No.)

33610
(Zip Code)

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(Registrant's telephone number, including area code)

3802 Corporex Park Drive, Tampa, FL 33619

(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 or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Exchange Act Rule 12b-2.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

As of August 1, 2007, the registrant had 19,344,537 outstanding shares of Common Stock, no par value, outstanding.

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	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
OPERATING REVENUES:				
Transportation	\$ 151,683	\$ 149,317	\$ 293,756	\$ 291,626
Other service revenue	19,065	17,237	36,033	35,207
Fuel surcharge	23,884	23,724	42,938	42,195
Total operating revenues	194,632	190,278	372,727	369,028
OPERATING EXPENSES:				
Purchased transportation	123,427	129,809	239,374	251,390
Compensation	20,587	18,393	40,256	36,274
Fuel, supplies and maintenance	19,375	12,796	35,549	23,739
Depreciation and amortization	4,183	3,851	8,230	7,788
Selling and administrative	7,406	5,486	13,872	10,751
Insurance claims	4,444	4,044	11,082	7,928
Taxes and licenses	843	855	1,624	1,645
Communication and utilities	2,497	2,307	5,129	4,855
(Gain) loss on disposal of property and equipment	(10)	(66)	199	(223)
Total operating expenses	182,752	177,475	355,315	344,147
Operating income	11,880	12,803	17,412	24,881
Interest expense	(8,075)	(7,913)	(15,752)	(15,265)
Interest income	176	892	375	1,110
Other income	396	219	359	357
Income before income taxes	4,377	6,001	2,394	11,083
Provision for income taxes	2,135	467	247	1,069
Net income	\$ 2,242	\$ 5,534	\$ 2,147	\$ 10,014
PER SHARE DATA:				
Net income per common share				
Basic	\$ 0.12	\$ 0.29	\$ 0.11	\$ 0.53
Diluted	\$ 0.12	\$ 0.28	\$ 0.11	\$ 0.51
Weighted average number of shares				
Basic	19,354	18,895	19,351	18,929

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Diluted	19,480	19,734	19,478	19,616
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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**

	June 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,878	\$ 6,841
Accounts receivable, net	95,356	85,482
Prepaid expenses	7,881	6,101
Prepaid tires	7,488	7,517
Deferred tax asset, net	18,320	18,320
Other	5,922	9,214
Total current assets	137,845	133,475
Property and equipment, net	115,754	116,964
Assets held-for-sale	367	381
Goodwill	140,404	138,980
Intangibles, net	1,370	635
Non-current deferred tax asset, net	20,740	19,578
Other assets	8,925	11,249
Total assets	\$ 425,405	\$ 421,262
LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS EQUITY		
Current liabilities:		
Current maturities of indebtedness	\$ 1,400	\$ 1,400
Current maturities of capital lease obligations	1,264	1,178
Accounts payable	13,382	13,957
Affiliates and independent owner-operators payable	14,927	11,025
Accrued expenses	21,585	21,197
Environmental liabilities	7,021	5,995
Accrued loss and damage claims	9,468	11,533
Total current liabilities	69,047	66,285
Long-term indebtedness, less current maturities	272,747	272,826
Capital lease obligations, less current maturities	4,044	3,718
Environmental liabilities	4,337	5,831
Accrued loss and damage claims	18,232	20,633
Other non-current liabilities	16,685	14,249
Deferred tax liability	787	724
Total liabilities	385,879	384,266
Commitments and contingencies - Note 8		
Minority interest in subsidiary	1,833	1,833

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SHAREHOLDERS EQUITY

Common stock, no par value; 29,000 shares authorized; 19,337 issued at June 30, 2007 and 19,210 issued at December 31, 2006	360,862	359,995
Treasury stock, 155 and 172 shares at June 30, 2007 and December 31, 2006	(1,494)	(1,527)
Accumulated deficit	(113,047)	(114,866)
Stock recapitalization	(189,589)	(189,589)
Accumulated other comprehensive loss	(18,699)	(18,531)
Stock purchase warrants		21
Stock subscriptions receivable	(340)	(340)
 Total shareholders equity	 37,693	 35,163
 Total liabilities, minority interest and shareholders equity	 \$ 425,405	 \$ 421,262

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

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QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity/(Deficit)

For the Six Months Ended June 30, 2007 and 2006

Unaudited (In 000 s)

	Shares of		Shares of		Accumulated							Total
	Common	Treasury	Common	Treasury	Accumulated	Stock	Other	Stock	Stock	Stock	Shareholders	
	Stock	Stock	Stock	Stock	Deficit	Recapitalization	Loss	Warrants	Unearned Compensation Restricted	Subscription Receivable	Equity/(Deficit)	
Balance, December 31, 2005	19,123	93	\$ 359,772	\$ (1,042)	\$ (168,710)	\$ (189,589)	\$ (19,079)	\$ 54	\$ (1,975)	\$ (1,541)	\$ (22,110)	
Net income					10,014						10,014	
Reclass of unearned compensation restricted stock			(1,975)						1,975			
Issuance of restricted stock		(21)		319	(319)							
Issuance of stock units												