

QUALITY DISTRIBUTION INC  
Form 10-Q  
May 09, 2013  
Table of Contents

**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 March 31, 2013

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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<b>Florida</b> (State or other jurisdiction of incorporation or organization)	<b>59-3239073</b> (I.R.S. Employer Identification No.)
<b>4041 Park Oaks Boulevard, Suite 200, Tampa, FL</b> (Address of Principal Executive Offices)	<b>33610</b> (Zip Code)
<b>813-630-5826</b> (Registrant's telephone number, including area code)	
<b>N/A</b> (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

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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 May 3, 2013, the registrant had 26,919,535 shares of Common Stock, no par value, outstanding.

**Table of Contents**

**QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES**

**CONTENTS**

<b><u>PART I FINANCIAL INFORMATION</u></b>	<b>1</b>
<b><u>ITEM 1 FINANCIAL STATEMENTS</u></b>	<b>1</b>
<b><u>Consolidated Statements of Operations for the Three Months Ended March 31, 2013 and 2012 (Unaudited)</u></b>	<b>1</b>
<b><u>Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2013 and 2012 (Unaudited)</u></b>	<b>2</b>
<b><u>Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012 (Unaudited)</u></b>	<b>3</b>
<b><u>Consolidated Statements of Shareholders' Deficit for the Three Months Ended March 31, 2013 and 2012 (Unaudited)</u></b>	<b>4</b>
<b><u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2013 and 2012 (Unaudited)</u></b>	<b>5</b>
<b><u>Notes to Consolidated Financial Statements</u></b>	<b>6</b>
<b><u>ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	<b>29</b>
<b><u>ITEM 3 Quantitative and Qualitative Disclosures About Market Risk</u></b>	<b>48</b>
<b><u>ITEM 4 Controls and Procedures</u></b>	<b>50</b>
<b><u>PART II OTHER INFORMATION</u></b>	<b>50</b>
<b><u>ITEM 1 Legal Proceedings</u></b>	<b>50</b>
<b><u>ITEM 1A Risk Factors</u></b>	<b>50</b>
<b><u>ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	<b>51</b>
<b><u>ITEM 3 Defaults Upon Senior Securities</u></b>	<b>51</b>
<b><u>ITEM 4 Mine Safety Disclosures</u></b>	<b>52</b>
<b><u>ITEM 5 Other Information</u></b>	<b>52</b>
<b><u>ITEM 6 Exhibits</u></b>	<b>53</b>
<b><u>Signatures</u></b>	<b>54</b>

**Table of Contents****QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES****PART I FINANCIAL INFORMATION****ITEM 1 FINANCIAL STATEMENTS****Consolidated Statements of Operations****Unaudited (In 000 s, Except Per Share Amounts)**

	<b>Three months ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES:</b>		
Transportation	\$ 163,994	\$ 133,206
Service revenue	33,454	27,985
Fuel surcharge	31,974	30,724
<b>Total operating revenues</b>	<b>229,422</b>	<b>191,915</b>
<b>OPERATING EXPENSES:</b>		
Purchased transportation	142,872	131,877
Compensation	26,470	16,631
Fuel, supplies and maintenance	27,018	14,466
Depreciation and amortization	6,693	3,791
Selling and administrative	7,479	6,510
Insurance costs	4,497	3,219
Taxes and licenses	943	748
Communication and utilities	1,095	837
Gain on disposal of property and equipment	(3,089)	(2)
<b>Total operating expenses</b>	<b>213,978</b>	<b>178,077</b>
<b>Operating income</b>	<b>15,444</b>	<b>13,838</b>
Interest expense	7,723	7,189
Interest income	(211)	(179)
Other income	(6,972)	(236)
<b>Income before income taxes</b>	<b>14,904</b>	<b>7,064</b>
Provision for income taxes	5,760	364
<b>Net income</b>	<b>\$ 9,144</b>	<b>\$ 6,700</b>
<b>PER SHARE DATA:</b>		
<b>Net income per common share</b>		
Basic	\$ 0.34	\$ 0.27
Diluted	\$ 0.34	\$ 0.26
<b>Weighted-average number of shares</b>		
Basic	26,625	24,546

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Diluted

27,134

25,413

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

**Table of Contents****QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****Unaudited (In 000 s)**

	<b>Three months ended March 31,</b>	
	<b>2013</b>	<b>2012</b>
Net income	\$ 9,144	\$ 6,700
Other comprehensive income (loss), net of tax:		
Amortization of prior service costs and losses	386	388
Translation adjustment	35	(39)
Total other comprehensive income, net of tax	421	349
Comprehensive income	\$ 9,565	\$ 7,049

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

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

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,201	\$ 2,704
Accounts receivable, net	124,502	113,906
Prepaid expenses	15,672	14,651
Deferred tax asset, net	19,017	16,609
Other	8,496	9,694
Total current assets	168,888	157,564
Property and equipment, net	184,238	190,342
Goodwill	104,294	104,294
Intangibles, net	36,592	37,654
Non-current deferred tax asset, net	3,975	11,713
Other assets	12,533	12,036
Total assets	\$ 510,520	\$ 513,603
<b>LIABILITIES AND SHAREHOLDERS DEFICIT</b>		
Current liabilities:		
Current maturities of indebtedness	\$ 3,035	\$ 3,918
Current maturities of capital lease obligations	2,125	3,913
Accounts payable	13,911	9,966
Independent affiliates and independent owner-operators payable	16,545	14,243
Accrued expenses	34,765	37,889
Environmental liabilities	2,829	2,739
Accrued loss and damage claims	7,179	7,326
Total current liabilities	80,389	79,994
Long-term indebtedness, less current maturities	400,681	408,850
Capital lease obligations, less current maturities	1,080	2,125
Environmental liabilities	5,672	6,302
Accrued loss and damage claims	9,459	9,494
Other non-current liabilities	24,358	25,278
Total liabilities	521,639	532,043
Commitments and contingencies Note 14		
<b>SHAREHOLDERS DEFICIT</b>		
Common stock, no par value; 49,000 shares authorized; 28,411 issued and 27,049 outstanding at March 31, 2013 and 28,102 issued and 27,223 outstanding at December 31, 2012	438,380	437,192
Treasury stock, 1,362 shares at March 31, 2013 and 879 shares at December 31, 2012	(9,281)	(5,849)
Accumulated deficit	(219,323)	(228,467)
Stock recapitalization	(189,589)	(189,589)
Accumulated other comprehensive loss	(31,331)	(31,752)
Stock purchase warrants	25	25



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Total shareholders' deficit	(11,119)	(18,440)
Total liabilities and shareholders' deficit	\$ 510,520	\$ 513,603

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

**Table of Contents****QUALITY DISTRIBUTION, INC. AND SUBSIDIARIES****Consolidated Statements of Shareholders Deficit****For the Three Months Ended March 31, 2013 and 2012****Unaudited (In 000 s)**

	Shares of Common Stock	Shares of Treasury Stock	Common Stock	Treasury Stock	Accumulated Deficit	Stock Recapitalization	Accumulated Other Comprehensiv Loss	Stock Purchase Warrants	Total Shareholders Deficit
Balance, December 31, 2011	24,207	(267)	\$ 393,859	\$ (1,878)	\$ (278,543)	\$ (189,589)	\$ (31,381)	\$ 1,347	\$ (106,185)
Net income					6,700				6,700
Issuance of restricted stock	153								
Forfeiture of restricted stock		(5)		(66)					(66)
Amortization of restricted stock			282						282
Amortization of stock options									