

EXPRESS-1 EXPEDITED SOLUTIONS INC

Form 10-Q

August 14, 2007

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-Q**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly period ended June 30, 2007**

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

**For the transition period from**                      **to**

**Commission file number 001-32172**

**Express-1 Expedited Solutions, Inc.**

*(Exact name of small business issuer as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**03-0450326**

*(I.R.S. Employer  
Identification No.)*

**429 Post Road**

**P.O. Box 210**

**Buchanan, MI 49107**

*(Address of Principal Executive Offices)(Zip Code)*

**(269) 695-2700**

*(Issuer'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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The Registrant has 26,735,880 shares of its common stock outstanding as of July 20, 2007.

**Express-1 Expedited Solutions, Inc.**  
**Form 10-Q**  
**Three and Six Months Ended June 30, 2007 and 2006**  
**(Unaudited)**

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Amended and Restated Corporate Bylaws as of June 20, 2007

Certification of the Chief Executive Officer Pursuant to Section 302

Certification of the Chief Financial Officer Pursuant to Section 302

Certification of the Chief Executive Officer Pursuant to Section 906

Certification of the Chief Financial Officer Pursuant to Section 906

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**Express-1 Expedited Solutions, Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

	June 30, 2007	December 31, 2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 328,000	\$ 79,000
Accounts receivable, net of allowances of \$70,000 and \$77,000, respectively	6,699,000	5,354,000
Prepaid expenses	147,000	265,000
Other current assets	303,000	181,000
Deferred tax asset, current	1,069,000	1,069,000
 Total current assets	 8,546,000	 6,948,000
 Property and equipment, net of \$1,601,000 and \$1,410,000 in accumulated depreciation, respectively	 2,408,000	 2,488,000
 Goodwill	 5,527,000	 5,527,000
Identified intangible assets, net of \$1,164,000 and \$1,004,000 in accumulated amortization, respectively	4,065,000	4,225,000
Loans and advances	125,000	143,000
Deferred tax asset, long term	1,334,000	2,069,000
Other long term assets	381,000	209,000
	\$ 22,386,000	\$ 21,609,000
 <b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,109,000	\$ 1,034,000
Accrued salaries and wages	576,000	724,000
Accrued acquisition earnouts	0	1,960,000
Accrued expenses, other	1,490,000	740,000
Current maturities of long term debt	117,000	117,000
Other current liabilities	530,000	295,000
 Total current liabilities	 3,822,000	 4,870,000
 Line of credit	 1,346,000	 1,159,000
Notes payable and capital leases, net of current maturities	58,000	127,000
Other long-term liabilities	108,000	115,000
 Total long-term liabilities	 1,512,000	 1,401,000

Stockholders' equity:

Preferred stock, \$.001 par value; 10,000,000 shares no shares issued or outstanding

Common stock, \$.001 par value; 100,000,000 shares authorized; 26,915,880 and 26,516,037 shares issued and 26,735,880 and 26,336,037 shares outstanding

	27,000	27,000
Additional paid-in capital	20,958,000	20,459,000
Accumulated deficit	(3,826,000)	(5,041,000)
Treasury stock, at cost, 180,000 shares held	(107,000)	(107,000)
 Total stockholders' equity	 17,052,000	 15,338,000
	\$ 22,386,000	\$ 21,609,000

The accompanying notes are an integral part of the financial statements.

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**Express-1 Expedited Solutions, Inc.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>	<b>June 30,</b>
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Revenues</b>				
Operating revenue	\$ 13,842,000	\$ 11,120,000	\$ 25,335,000	\$ 20,675,000
<b>Expenses</b>				
Direct expenses	10,328,000	8,257,000	18,801,000	15,386,000
Gross margin	3,514,000	2,863,000	6,534,000	5,289,000
Sales, general and administrative expense	2,242,000	1,923,000	4,492,000	3,644,000
Other expense	27,000	29,000	34,000	132,000
Interest Expense	34,000	63,000	58,000	108,000
<b>Income before income tax provision</b>	<b>1,211,000</b>	<b>848,000</b>	<b>1,950,000</b>	<b>1,405,000</b>
Income tax provision	457,000		735,000	
<b>Net income</b>	<b>\$ 754,000</b>	<b>\$ 848,000</b>	<b>\$ 1,215,000</b>	<b>\$ 1,405,000</b>
<b>Earnings per common share</b>				
Basic income per common share	0.03	0.03	0.05	0.05
Diluted income per common share	0.03	0.03	0.04	0.05
<b>Weighted average common shares outstanding</b>				
Basic weighted average common shares outstanding	26,706,100	26,285,034	26,574,016	26,285,034
Diluted weighted average common shares outstanding	27,509,728	26,441,809	27,365,538	26,398,952

The accompanying notes are an integral part of the financial statements.

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**Express-1 Expedited Solutions, Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<b>Six Months Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>Operating activities</b>		
Net Income applicable to stockholders	\$ 1,215,000	\$ 1,405,000
Adjustments to Reconcile Net Income to Net Cash from Operating Activities		
Provisions for allowance for doubtful accounts	(7,000)	(228,000)
Depreciation & amortization expense	451,000	513,000
Stock compensation expense	85,000	59,000
Common stock issued for ESOP	123,000	
Loss on retirement of note receivable		90,000
Loss on disposal of equipment	27,000	21,000
Changes in Assets and Liabilities		
Account receivables and other trade receivables	(1,337,000)	(949,000)
Other current assets	(120,000)	35,000
Prepaid expenses and other current assets	118,000	132,000
Other long-term assets	556,000	(76,000)
Accounts payable	76,000	279,000
Accrued expenses	750,000	(6,000)
Accrued salaries and wages	(147,000)	(249,000)
Other liabilities	223,000	154,000
	798,000	(225,000)