

ABLEST INC
Form 10-Q
May 10, 2002

TABLE OF CONTENTS

Part I-Financial Information

Condensed Balance Sheets

Condensed Statements of Operations

Condensed Statements of Cash Flows

Notes to Condensed Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND
FINANCIAL CONDITION

Part II-Other Information

SIGNATURES

Edgar Filing: ABLEST INC - Form 10-Q

Table of Contents

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarter period ended March 31, 2002.

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934.

Commission file number: 0-7907

Ablest Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

65-0978462
(I.R.S. Employer Identification Number)

1901 Ulmerton Road, Suite 300
Clearwater, Florida
(Address of principal executive offices)

33762
(Zip Code)

727-299-1200
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Former address:

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date April 22, 2002

Common stock, \$.05 par value
(Class)

2,895,095
(Outstanding shares)

Table of Contents

ABLEST INC. AND SUBSIDIARIES

Index	
Part I	
Financial Information	
Condensed Balance Sheets	3
March 31, 2002 - (Unaudited) and December 30, 2001	
Condensed Statements of Operations - (Unaudited) Thirteen week periods ended March 31, 2002 and April 1, 2001	4
Condensed Statements of Cash Flows - (Unaudited) Thirteen week periods ended March 31, 2002 and April 1, 2001	5
Notes to Condensed Financial Statements	6 8
Management's Discussion and Analysis of the Results of Operations and Financial Condition	8-10
Part II	
Other Information	10
Signatures	11

* * * * *

Table of Contents

Part I-Financial Information

ABLEST INC.

Condensed Balance Sheets

(In thousands, except share data)

	March 31, 2002	December 30, 2001
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 372	607
Receivables, net	10,166	10,232
Prepaid expenses and other	464	237
Deferred income taxes	1,662	1,737
	<u> </u>	<u> </u>
Total current assets	12,664	12,813
Property, plant and equipment, net	1,220	1,385
Deferred income taxes	2,037	1,962
Intangible assets, net	1,335	1,335
	<u> </u>	<u> </u>
	17,256	17,495
	<u> </u>	<u> </u>
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 242	326
Accrued expenses	3,081	2,898
Line of credit borrowings		
	<u> </u>	<u> </u>
Total current liabilities	3,323	3,224
Long-term debt, excluding current installments		
Other liabilities	8	8
	<u> </u>	<u> </u>
Total liabilities	3,331	3,232
	<u> </u>	<u> </u>
Stockholders equity (note 3):		
Preferred Stock of \$.05 par value. Authorized 500,000 shares, none issued		
Common stock of \$.05 par value. Authorized 7,500,000 shares; issued 3,293,405 shares for both 2002 and 2001	165	165
Additional paid-in capital	4,936	4,936
Retained earnings	10,721	11,048
Less notes receivable from stock sale	(22)	(22)
Less unearned restricted stock	(87)	(108)
	<u> </u>	<u> </u>
	15,713	16,019
Less cost of common stock in treasury: 394,310 and 387,239 shares for 2002 and 2001, respectively	(1,788)	(1,756)

Edgar Filing: ABLEST INC - Form 10-Q

Total stockholders' equity	<u>13,925</u>	<u>14,263</u>
	<u>\$ 17,256</u>	<u>17,495</u>

See accompanying notes to condensed financial statements.

Table of Contents

ABLEST INC.

Condensed Statements of Operations

(Unaudited)

(In thousands, except share and per share data)

	Thirteen week period ended March 31, 2002	Thirteen week period Ended April 1, 2001
Net service revenues	\$ 19,227	21,846
Cost of services	15,617	17,312
Gross profit	3,610	4,534
Selling, general and administrative expenses	4,192	5,216
Amortization of intangible assets		91
Operating loss	(582)	(773)
Other income:		
Interest income, net	50	10
Miscellaneous, net	205	5
Total other income, net	255	15
Loss before income taxes	(327)	(758)
Income tax benefit		(257)
Net loss	\$ (327)	(501)
Basic and diluted net loss per share:	\$ (.11)	(.17)
Basic and Diluted weighted average number of common shares outstanding	2,900,882	2,935,959

See accompanying notes to condensed financial statements.

Table of Contents

ABLEST INC.

Condensed Statements of Cash Flows

(Unaudited, in thousands)

	Thirteen week period ended March 31, 2002	Thirteen week period ended April 1, 2001
Cash flows from operating activities:		
Net loss from operations	\$ (327)	(501)
Adjustments to reconcile net loss to net cash (used) provided by operating activities:		
Depreciation	181	254
Amortization of intangible assets		91
Stock compensation	21	27
Changes in assets and liabilities (see below)	(62)	1,041
Net cash (used) provided by operating activities	<u>(187)</u>	<u>912</u>
Cash flows from investing activities:		
Additions to property, plant and equipment	(16)	(217)
Proceeds from disposal of property, plant and equipment		
Net cash used by investing activities	<u>(16)</u>	<u>(217)</u>
Cash flows from financing activities:		
Proceeds from bank line of credit borrowings		50
Repayment of bank line of credit borrowings		(50)
Purchase of treasury shares	(32)	(7)
Net cash (used) provided by financing activities	<u>(32)</u>	<u>(7)</u>
Net (decrease) increase in cash	(235)	688
Cash and cash equivalents at beginning of period	607	406
Cash and cash equivalents at end of period	<u>\$ 372</u>	<u>1,094</u>
Changes in assets and liabilities providing (using) cash:		
Receivables	\$ 66	1,919
Prepaid expenses and other	(227)	(258)
Other assets		(65)
Accounts payable	(84)	(175)
Accrued expenses	183	(13)
Other liabilities		(367)
Total	<u>\$ (62)</u>	<u>1,041</u>

See accompanying notes to condensed financial statements

Table of Contents

ABLEST INC.

Notes to Condensed Financial Statements
(Unaudited)

1. In the opinion of Ablest Inc. (the Company) management, the accompanying condensed financial statements contain all normal recurring adjustments necessary to fairly present the Company's financial position as of March 31, 2002 and the results of its operations and cash flows for the thirteen week periods ended March 31, 2002 and April 1, 2001.
2. The results of operations for the thirteen week period ended March 31, 2002 is not necessarily indicative of the results to be expected for the full year.

There has been no significant change in accounting policy of the Company during the periods presented except as noted herein. For a description of all policies, refer to Note 1 of the Notes to Financial Statements as included in the Company's 2001 Annual Report.

3. *Stockholders' Equity.* The changes in stockholders' equity for the thirteen week period ended March 31, 2002 are summarized as follows (in thousands, except shares):

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Unearned Restricted Stock	Receivable Stock sale	Total Stockholder's Equity
Balance at December 30, 2001	\$ 165	\$ 4,936	\$ 11,048	387,239	\$ (1,756)	\$ (108)	\$ (22)	\$ 14,263
Net loss			(327)					(327)
Stock compensation awards						21		21
Stock repurchase program				7,071	(32)			(32)
Balance at March 31, 2002	\$ 165	\$ 4,936	\$ 10,721	394,310	\$ (1,788)	\$ (87)	\$ (22)	\$ 13,925

4. *Stock Options.* For the 13 week period ended March 31, 2002, no options to purchase shares of common stock of the Company were granted or exercised. At March 31, 2002 and December 30, 2001, the Company had exercisable options outstanding to independent directors and former employees to purchase 49,479 common shares at prices ranging from \$5.06 to \$10.13 per share.

The effect of unexercised stock options determined under the treasury method was anti-dilutive for all periods presented.

5. *Discontinued Operations.* Reclassifications have been made to the Condensed Balance sheet as of December 30, 2001 to reallocate the net assets of discontinued operations to their respective balance sheet accounts. Effective with fiscal 2002 the Company will no longer report Discontinued Operations resulting from the March 2000 sale of its industrial maintenance business to Onyx as a separate line item. The balances reallocated were Current Deferred Income Tax Assets of \$544,000 and Accrued Loss on Disposal of Discontinued Operation of \$283,000, resulting in the Net Assets of Discontinued Operations of \$261,000 reported at December 30, 2001.
6. *Industry Segments.* The Company's sole business is in providing staffing services on a temporary and contract basis. Management of the Company views its operations as having two operating segments: Commercial staffing services, consisting mostly of clerical and light industrial staffing services and information technology staffing services, consisting mostly of programmers, and systems documentation services. Staffing services for both segments are provided throughout the eastern United States and select southwestern U.S. markets.

Operating segment data as of and for the thirteen week periods ended March 31, 2002 and April 1, 2001, respectively, are provided on the following page.

Table of Contents

ABLEST INC.
Notes to Condensed Financial Statements
(Unaudited)

6. *Industry Segments (continued).*

(in thousands)	Thirteen Week period Ended March 31, 2002	Thirteen Week period Ended April 1, 2001
Commercial Staffing Services:		
Net service revenues	\$ 17,054	18,616
Cost of services	13,916	14,757
Gross profit	3,138	3,859
Selling, general & administrative	2,520	3,305
Operating income	618	554
Amortization		
Trade receivables	\$ 9,170	10,580
Information Technology Staffing Services:		
Net service revenues	\$ 2,173	3,230
Cost of services	1,701	2,555
Gross profit	472	675
Selling, general & administrative	312	597
Operating income	160	78
Amortization		91
Trade receivables	\$ 1,088	1,831