

PAM TRANSPORTATION SERVICES INC  
Form 10-Q  
August 06, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2007

**o 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: 0-15057

**P.A.M. TRANSPORTATION SERVICES, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation)

71-0633135  
(I.R.S. Employer Identification  
no.)

297 West Henri De Tonti, Tontitown, Arkansas 72770

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (479) 361-9111

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 the filing requirements for the past 90 days.

Yes ý No o

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 o      Accelerated filer ý      Non-accelerated filer o

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

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Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at July 17, 2007
Common Stock, \$.01 Par Value	10,270,807

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Form 10-Q  
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## PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.**P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

(in thousands, except share and per share data)

	<b>June 30, 2007</b>	<b>December 31, 2006</b>
	(unaudited)	(see note)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 657	\$ 1,040
Accounts receivable-net:		
Trade	68,993	61,469
Other	1,346	1,361
Inventories	954	819
Prepaid expenses and deposits	8,834	14,928
Marketable equity securities available-for-sale	16,405	14,437
Income taxes refundable	-	498
Total current assets	97,189	94,552
Property and equipment:		
Land	2,674	2,674
Structures and improvements	9,422	9,383
Revenue equipment	308,403	286,933
Office furniture and equipment	7,112	6,890
Total property and equipment	327,611	305,880
Accumulated depreciation	(110,428)	(102,566)
Net property and equipment	217,183	203,314
Other assets:		
Goodwill	15,413	15,413
Non-compete agreements	117	217
Other	740	750
Total other assets	16,270	16,380
<b>TOTAL ASSETS</b>	<b>\$ 330,642</b>	<b>\$ 314,246</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 24,531	\$ 38,510
Accrued expenses and other liabilities	11,983	9,994
Current maturities of long-term debt	934	1,915
Income taxes payable	105	-
Deferred income taxes-current	5,958	5,658
Total current liabilities	43,511	56,077
Long-term debt-less current portion	45,931	21,205
Deferred income taxes-less current portion	52,794	51,902
Other	-	34
Total liabilities	142,236	129,218

**SHAREHOLDERS' EQUITY**

Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued	-	-
Common stock, \$.01 par value, 40,000,000 shares authorized; 11,366,207 and 11,362,207 shares issued; 10,270,807 and 10,303,607 shares outstanding at June 30, 2007 and December 31, 2006, respectively	114	114
Additional paid-in capital	77,504	77,309
Accumulated other comprehensive income	3,545	3,142
Treasury stock, at cost; 1,095,400 and 1,058,600 shares at June 30, 2007 and December 31, 2006, respectively	(18,546)	(17,869)
Retained earnings	125,789	122,332
Total shareholders' equity	188,406	185,028
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 330,642</b>	<b>\$ 314,246</b>

Note: The consolidated balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. See notes to condensed consolidated financial statements.

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**P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
(unaudited)  
(in thousands, except per share data)

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>OPERATING REVENUES:</b>				
Revenue, before fuel surcharge	\$ 92,547	\$ 89,692	\$ 180,090	\$ 180,541
Fuel surcharge	14,153	13,673	25,418	23,349
Total operating revenues	106,700	103,365	205,508	203,890
<b>OPERATING EXPENSES AND COSTS:</b>				
Salaries, wages and benefits	34,036	31,886	67,741	65,115
Fuel expense	29,017	25,964	53,609	48,219
Rent and purchased transportation	9,535	11,640	19,569	22,989
Depreciation and amortization	10,150	8,428	19,499	16,794
Operating supplies and expenses	7,954	6,568	15,436	12,506
Operating taxes and license	4,603	4,114	8,954	8,171
Insurance and claims	4,667	4,092	9,202	8,288
Communications and utilities	762	629	1,530	1,323
Other	1,793	1,087	3,433	2,585
Loss (gain) on disposition of equipment	11	(33)	29	(142)
Total operating expenses and costs	102,528	94,375	199,002	185,848
<b>NET OPERATING INCOME</b>	<b>4,172</b>	<b>8,990</b>	<b>6,506</b>	<b>18,042</b>
<b>NON-OPERATING INCOME</b>	<b>167</b>	<b>116</b>	<b>408</b>	<b>173</b>
<b>INTEREST EXPENSE</b>	<b>(676)</b>	<b>(353)</b>	<b>(1,163)</b>	<b>(817)</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>3,663</b>	<b>8,753</b>	<b>5,751</b>	<b>17,398</b>
<b>FEDERAL AND STATE INCOME TAXES:</b>				
Current	832	3,314	1,344	6,585
Deferred	639	198	950	388
Total federal and state income taxes	1,471	3,512	2,294	6,973
<b>NET INCOME</b>	<b>\$ 2,192</b>	<b>\$ 5,241</b>	<b>\$ 3,457</b>	<b>\$ 10,425</b>
<b>EARNINGS PER COMMON SHARE:</b>				
<b>Basic</b>	<b>\$ 0.21</b>	<b>\$ 0.51</b>	<b>\$ 0.34</b>	<b>\$ 1.01</b>
<b>Diluted</b>	<b>\$ 0.21</b>	<b>\$ 0.51</b>	<b>\$ 0.34</b>	<b>\$ 1.01</b>
<b>AVERAGE COMMON SHARES OUTSTANDING:</b>				
<b>Basic</b>	<b>10,306</b>	<b>10,293</b>	<b>10,306</b>	<b>10,290</b>
<b>Diluted</b>	<b>10,307</b>	<b>10,301</b>	<b>10,307</b>	<b>10,295</b>

See notes to condensed consolidated financial statements.

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**P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
(unaudited)  
(in thousands)

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 3,457	\$ 10,425
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,499	16,794
Bad debt expense	362	37
Stock compensation-net of excess tax benefits	112	311
Provision for deferred income taxes	950	388
Reclassification of unrealized loss on marketable equity securities	12	-
Gain on sale of marketable equity securities	(120)	-
Loss (gain) on sale or disposal of equipment	29	(142)
Changes in operating assets and liabilities:		
Accounts receivable	(7,871)	(5,247)
Prepaid expenses, inventories, and other assets	5,969	6,067
Income taxes payable	603	(134)
Trade accounts payable	(1,095)	2,309
Accrued expenses	2,056	2,242
Net cash provided by operating activities	23,963	33,050
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(53,644)	(20,992)
Proceeds from sale or disposal of equipment	7,362	7,319
Net purchases of marketable equity securities	(1,215)	(227)
Net cash used in investing activities	(47,497)	(13,900)
<b>FINANCING ACTIVITIES:</b>		
Borrowings under line of credit	263,478	209,928
Repayments under line of credit	(238,364)	(227,504)
Repayments of long-term debt	(1,368)	(1,337)
Repurchases of common stock	(677)	-
Exercise of stock options	83	101
Net cash provided by (used in) financing activities	23,152	(18,812)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(382)</b>	<b>338</b>
<b>CASH AND CASH EQUIVALENTS-Beginning of period</b>	<b>1,039</b>	<b>1,129</b>
<b>CASH AND CASH EQUIVALENTS-End of period</b>	<b>\$ 657</b>	<b>\$ 1,467</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION-</b>		
Cash paid during the period for:		
Interest	\$ 1,175	\$ 860



Income taxes	\$	728	\$	6,742
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NONCASH INVESTING AND FINANCING ACTIVITIES-

Purchases of property and equipment included in accounts payable	\$	1,389	\$	-
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See notes to condensed consolidated financial statements.

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**P.A.M. TRANSPORTATION SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Shareholders' Equity**  
(unaudited)  
(in thousands)

	Common Stock Shares / Amount		Additional Paid-In Capital	Other Comprehensive Income	Accumulated Other Comprehensive Income	Treasury Stock	Retained Earnings	Total
Balance at December 31, 2006	10,303	\$	114	\$				