

CELADON GROUP INC
Form 10-Q
April 30, 2010

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

FORM 10-Q

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

For the quarterly period ended March 31, 2010

or

TRANSITION REPORT PURSUANT
] TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF
1934

Commission file number: 000-23192

CELADON GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3361050
(IRS Employer
Identification No.)

9503 East 33rd Street
One Celadon Drive
Indianapolis, IN
(Address of principal executive offices)

46235-4207
(Zip Code)

(317) 972-7000
(Registrant'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

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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 []

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 [X] Non-accelerated filer []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b2 of the Exchange Act). Yes [] No [X]

As of April 30, 2010 (the latest practicable date), 22,260,726 shares of the registrant's common stock, par value \$0.033 per share, were outstanding.

CELADON GROUP, INC.

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March 31, 2010 Form 10-Q

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Part I. Financial Information

Item I. Financial Statements

CELADON GROUP, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 March 31, 2010 and June 30, 2009
 (Dollars in thousands except per share and par value amounts)

	March 31, 2010 (unaudited)	June 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$9,410	\$863
Trade receivables, net of allowance for doubtful accounts of \$1,202 and \$1,059 at March 31, 2010 and June 30, 2009, respectively	60,806	55,291
Prepaid expenses and other current assets	14,269	10,044
Tires in service	4,968	4,336
Equipment held for resale	---	8,012
Income tax receivable	---	232
Deferred income taxes	3,210	2,780
Total current assets	92,663	81,558
Property and equipment	235,554	237,167
Less accumulated depreciation and amortization	76,654	70,025
Net property and equipment	158,900	167,142
Tires in service	1,472	1,581
Goodwill	19,137	19,137
Other assets	1,591	1,581
Total assets	\$273,763	\$270,999
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$6,727	\$5,461
Accrued salaries and benefits	12,104	10,084
Accrued insurance and claims	9,599	8,508
Accrued fuel expense	10,508	8,592
Other accrued expenses	11,786	11,547
Current maturities of long-term debt	563	1,109
Current maturities of capital lease obligations	11,867	6,693
Provision for income taxes	1,433	---
Total current liabilities	64,587	51,994
Long-term debt, net of current maturities	109	5,870
Capital lease obligations, net of current maturities	25,061	35,311
Deferred income taxes	34,019	34,132
Minority interest	---	25
Stockholders' equity:	788	787

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Common stock, \$0.033 par value, authorized 40,000,000 shares; issued 23,871,993 and 23,840,677 shares at March 31, 2010 and June 30, 2009, respectively

Treasury stock at cost; 1,611,267 and 1,744,245 shares at March 31, 2010 and June 30, 2009, respectively	(11,109)	(12,025)
Additional paid-in capital	98,007	97,030
Retained earnings	64,907	62,955
Accumulated other comprehensive loss	(2,606)	(5,080)
Total stockholders' equity	149,987	143,667
Total liabilities and stockholders' equity	\$273,763	\$270,999

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

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CELADON GROUP, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (Dollars in thousands except per share amounts)
 (Unaudited)

	For the three months ended March 31,		For the nine months ended March 31,	
	2010	2009	2010	2009
Revenue:				
Freight revenue	\$109,913	\$96,152	\$329,689	\$303,979
Fuel surcharges	19,522	10,725	54,817	69,412
Total revenue	129,435	106,877	384,506	373,391
Operating expenses:				
Salaries, wages, and employee benefits	38,348	36,990	116,940	116,144
Fuel	31,682	22,146	91,812	100,093
Operations and maintenance	9,327	8,711	27,018	26,944
Insurance and claims	3,928	3,505	11,280	10,374
Depreciation and amortization	7,602	10,123	23,025	26,802
Revenue equipment rentals	9,142	7,774	27,169	20,814
Purchased transportation	20,572	12,469	58,803	40,989
Costs of products and services sold	1,352	1,486	4,553	4,620
Communications and utilities	1,256	1,386	3,701	3,734
Operating taxes and licenses	2,523	2,424	7,282	7,148
General and other operating	1,557	1,733	5,215	6,293
Total operating expenses	127,289	108,747	376,798	363,955
Operating income (loss)	2,146	(1,870)	7,708	9,436
Other (income) expense:				
Interest income	(18)	(15)	(55)	(26)
Interest expense	666	776	1,888	2,901
Other (income) expense, net	(21)	60	82	47
Income (loss) before income taxes	1,519	(2,691)	5,793	6,514
Provision (benefit) for income taxes	1,153	(613)	3,841	4,124
Net income (loss)	\$366	\$(2,078)	\$1,952	\$2,390
Earnings (loss) per common share:				
Diluted earnings per share	\$0.02	\$(0.10)	\$0.09	\$0.11
Basic earnings per share	\$0.02	\$(0.10)	\$0.09	\$0.11
Average shares outstanding:				
Diluted	22,503	21,792	22,303	22,122
Basic	21,916	21,792	21,877	21,706

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

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CELADON GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended March 31, 2010 and 2009
(Dollars in thousands)
(Unaudited)

	2010	2009
Cash flows from operating activities:		
Net income	\$1,952	\$2,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	22,233	27,478
(Gain)/Loss on sale of equipment	834	(676)
Stock based compensation	2,657	1,615
Deferred income taxes	2,442	992
Provision for doubtful accounts	132	78
Changes in assets and liabilities:		
Trade receivables	(5,293)	20,964
Income tax recoverable	(958)	4,972
Tires in service	(497	