

ABLEST INC
Form 10-Q
May 12, 2004

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**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 28, 2004

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 1-10893

Ablest Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

65-0978462
(I.R.S. Identification No.)

**1901 Ulmerton Road, Suite 300
Clearwater, Florida 33762
(727) 299-1200**

(Address, including zip code, and telephone number, including area code, of principal executive offices)

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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of outstanding shares of the registrant's Common Stock at March 28, 2004 was 2,877,113.

ABLEST INC.

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ABLEST INC.
Condensed Balance Sheets
(amounts in thousands except share and per share data)

	March 28, 2004	December 28, 2003
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,094	\$ 1,614
Accounts receivable, net	12,150	13,778
Prepaid expenses and other current assets	318	213
Current deferred tax asset	1,380	1,085
	<hr/>	<hr/>
Total current assets	15,942	16,690
Property, plant and equipment, net	642	647
Deferred tax asset	3,920	3,920
Goodwill, net	1,283	1,283
Other assets	37	39
	<hr/>	<hr/>
Total assets	\$ 21,824	\$ 22,579
	<hr/>	<hr/>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 473	\$ 326
Accrued expenses and other current liabilities	3,884	4,438
	<hr/>	<hr/>
Total current liabilities	4,357	4,764
Other liabilities	24	89
	<hr/>	<hr/>
Total liabilities	4,381	4,853
	<hr/>	<hr/>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		

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Preferred stock of \$.05 par value; 500,000 shares authorized , none issued or outstanding at March 28, 2004 and December 28, 2003		
Common stock of \$.05 par value; 7,500,000 shares authorized, 3,334,842 and 3,308,929 shares issued and outstanding including shares held in treasury at March 28, 2004 and December 28, 2003, respectively	167	165
Additional paid-in capital	5,174	5,018
Retained earnings	14,212	14,653
Treasury stock at cost; 457,729 shares held at March 28, 2004 and December 28, 2003	(2,110)	(2,110)
	<u> </u>	<u> </u>
Total stockholders' equity	17,443	17,726
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$ 21,824	\$ 22,579
	<u> </u>	<u> </u>

See accompanying Notes to Financial Statements

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ABLEST INC.
Condensed Statements of Operations
(amounts in thousands except share and per share data)
(Unaudited)

	For the Thirteen Week Periods Ended	
	March 28, 2004	March 30, 2003
Net service revenues	\$ 25,770	\$ 23,239
Cost of services	<u>22,141</u>	<u>19,116</u>
Gross profit	3,629	4,123
Selling, general and administrative expenses	<u>4,337</u>	<u>4,245</u>
Operating income (loss)	<u>(708)</u>	<u>(122)</u>
Other:		
Interest income (expense), net	2	(5)
Miscellaneous, net	<u>(5)</u>	<u>16</u>
Other income (loss)	<u>(3)</u>	<u>11</u>
Income (loss) before income taxes	(711)	(111)
Income tax expense (benefit)	<u>(270)</u>	<u>(42)</u>
Net income (loss)	<u>\$ (441)</u>	<u>\$ (69)</u>
Basic net income (loss) per common share	<u>\$ (0.16)</u>	<u>\$ (0.02)</u>
Diluted net income (loss) per common share	<u>\$ (0.16)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares used in computing net income (loss) per common share		
Basic	<u>2,835,951</u>	<u>2,861,310</u>

Diluted

2,908,574

2,888,844

See accompanying Notes to Financial Statements

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ABLEST INC.
Condensed Statements of Cash Flows
(amounts in thousands)
(Unaudited)

	For the Thirteen Week Periods Ended	
	March 28, 2004	March 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) from continuing operations	\$ (441)	\$ (69)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	125	135
Loss (gain) on disposal of property, plant and equipment	5	
Deferred income taxes	(295)	
Stock compensation	24	22
Changes in assets and liabilities (see below)	1,029	(948)
	<u>447</u>	<u>(860)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(125)	(46)
	<u>(125)</u>	<u>(46)</u>
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings		2,000
Employee stock awards	158	
Purchase of treasury shares		(59)
	<u>158</u>	<u>1,941</u>
Net cash provided by (used in) financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	480	1,035
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,614	1,858
	<u>2,094</u>	<u>2,893</u>
CASH AND CASH EQUIVALENTS END OF PERIOD	\$ 2,094	\$ 2,893

Changes in continuing operations assets and liabilities providing (using) cash:		
Accounts receivable, net	\$1,628	\$ 204
Prepaid expenses and other current assets	(105)	(153)
Other assets	2	5
Accounts payable	147	89
Accrued expenses and other current liabilities	(554)	(1,088)
Other liabilities	(89)	(5)
	<u> </u>	<u> </u>
 Total change in assets and liabilities providing (using) cash	 \$1,029	 \$ (948)
	<u> </u>	<u> </u>

See accompanying Notes to Financial Statements

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ABLEST INC.
Notes to Condensed Financial Statements
(Unaudited)

1. COMPANY BACKGROUND

Ablest Inc. (Company) offers staffing services in the United States. Staffing services are principally provided through 47 service locations in the Eastern United States and selected Southwestern markets with the capability to supply staffing services for the clerical, industrial and information technology needs of their customers. Positions often filled include, but are not limited to, data entry, office administration, telemarketing, light industrial assembly, order picking, shipping, network administration, database administration, program analyst, web development, project management and technical writing. Ablest does not service any specific industry or field; instead, its services are provided to a broad-based customer list.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States for interim financial information, the instructions to Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 28, 2003. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements.

All adjustments, consisting of only normal recurring adjustments, considered necessary for fair presentation have been reflected in these condensed financial statements. The operating results for the thirteen week period ended March 28, 2004 are not necessarily indicative of the results that may be expected for the fiscal year ending December 26, 2004.

In order to maintain consistency and comparability between periods presented, certain amounts may have been reclassified from the previously reported consolidated financial statements to conform with the financial statement presentation of the current period.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash Equivalents

All highly liquid investments with original maturities of three months or less are considered cash equivalents. There were no cash equivalents at March 28, 2004 and March 30, 2003.

Revenue Recognition

The Company's revenues are derived from providing staffing services to its customers. Substantially all revenue is billed on a direct cost plus markup basis. Revenue is recognized at the time the service is performed.

In addition, the Company bills revenues under piecework contracts and permanent placement services. Piecework contracts are billed to the customer on a cost per unit basis versus an hourly basis. Revenue from piecework contracts is recognized at the time service is performed. Permanent placement services are fee-based services to recruit and fill regular staff positions for customers. Revenue from permanent placement services is recognized

when a candidate begins full-time employment.

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ABLEST INC.
Notes to Condensed Financial Statements
(Unaudited)

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are depreciated over the estimated useful lives of the respective assets on the straight-line method. Leasehold improvements are amortized on the straight-line method over the shorter of the lease term or estimated useful life of the asset. Estimated useful lives generally range from three to seven years.

Expenditures for maintenance and repairs are charged to expense as incurred. Additions and major replacements or betterments that increase capacity or extend useful lives are added to the cost of the asset. Upon sale or retirement of the asset, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in other income (expense), net in the accompanying statements of operations.

Deferred Tax Assets

In assessing the realizability of deferred tax assets, management considers, within each taxing jurisdiction, whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the years in which the deferred tax assets are deductible, management provided valuation allowances as needed for those deferred tax assets that were not expected to be realized.

Allowance for Doubtful Accounts

The Company must make estimates of the collectibility of accounts receivables. Management analyzes historical bad debts, customer concentrations, customer credit-worthiness, current economic trends and changes in the customer's payment tendencies when evaluating the adequacy of the allowance for doubtful accounts.

Self-Insurance Reserves

The Company is self-insured for general liability and workers' compensation coverages. To derive an estimate of the Company's ultimate claims liability, established loss development factors are applied to current claims information. An independent actuary is engaged periodically to determine loss development factors. The calculated ultimate liability is then reduced by cumulative claims payments to determine the required reserve. Management evaluates the accrual on a quarterly basis and adjusts as needed to reflect the required reserve calculation. Whereas management believes the recorded liabilities are adequate, there are inherent limitations in the estimation process whereby future actual losses may differ from projected loss rates, which could materially affect the financial condition of the Company.

Goodwill and Other Intangible Assets

Intangible assets, which represent the excess of acquisition cost over the fair market value of identified net assets acquired in business combinations accounted for as purchases, were amortized using the straight-line method over three to thirty years prior to fiscal 2002.

In July 2001, the Financial Accounting Standards Board issued Financial Accounting Standards No. 142 (SFAS No. 142), Goodwill and Other Intangible Assets . Under SFAS No. 142, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed at least annually for impairment. At March 28, 2004, the Company did not have indefinite lived intangible assets other than goodwill and did not have any intangible assets with definite lives. The Company has adopted SFAS No. 142 effective December 31, 2001, the first day of fiscal 2002. SFAS No. 142 prescribes a two-phase process for impairment testing of goodwill. The first phase, required to be completed by June 30, 2002, screens for impairment; while the second

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phase (if necessary), required to be completed by December 29, 2002, measures the impairment. The Company screened for impairment during the first quarter of 2002 and fourth fiscal quarters of 2002 and 2003 and found no instances of impairment of its recorded goodwill.

During the year ended December 30, 2001, the Company recorded an impairment loss of \$2.9 million related to intangible assets in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. The Company evaluated the recoverability of its long-lived assets whenever events or changes in circumstance indicated that the carrying amount may not be recoverable. If indications were that the carrying amount of the asset may not be recoverable, the Company estimated the future cash flows expected to result from use of the asset and its eventual disposition. If the sum of the expected future cash flows (non-discounted and without interest charges) was less than the carrying amount of the asset, the Company recognized an impairment loss. The impairment loss recognized was measured as the amount by which the carrying amount of the asset exceeds its estimated fair value. The estimation of fair value was generally measured by discounting expected future cash flows.

Impairment of Long-Lived Assets

In October 2001, the Financial Accounting Standards Board issued Financial Accounting Standards No. 144, (SFAS No. 144), Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale. The Company adopted the provisions of SFAS No. 144 for its 2002 fiscal year started on December 31, 2001. Adoption of SFAS No. 144 did not have a material financial impact upon the Company.

Income Taxes

Income taxes are accounted for by the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to operating loss and credit carryforwards and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as income or expense in the period that includes the enactment date.

Income (Loss) Per Common Share

Basic income (loss) per common share is computed by using the weighted average number of common shares outstanding. Diluted income (loss) per share is computed by using the weighted average number of common shares outstanding plus the dilutive effect, if any, of stock options.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Stock Option Plans

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations, in accounting for its fixed plan stock options. As such, compensation expense would be recorded on the date of the grant if the current market price of the underlying stock exceeded the exercise price. Statement of Financial Accounting Standards No. 123 (SFAS No. 123) Accounting for Stock Based Compensation, established accounting and disclosure

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requirements using a fair value-based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has elected to continue to apply the intrinsic value-based method of accounting described above, and has adopted the disclosure requirements of SFAS No. 123. The following table represents the effect on net income and earnings per share if the Company had applied the fair value based method and recognition provisions of Financial Accounting Standards No. 123, (SFAS No. 123), Accounting for Stock-Based Compensation .

(amounts in thousands except share and per share data)	For the Thirteen Week Periods Ended	
	March 28, 2004	March 30, 2003
Net income (loss), as reported	\$ (441)	\$ (69)
Deduct: Total stock-based employee compensation expense determined under fair value methods for all awards, net of related tax effects	10	10
Net income (loss), pro forma	<u>\$ (451)</u>	<u>\$ (79)</u>
Net income (loss) per share:		
Basic, as reported	<u>\$ (0.16)</u>	<u>\$ (0.02)</u>
Diluted, as reported	<u>\$ (0.14)</u>	<u>\$ (0.02)</u>
Basic, pro forma	<u>\$ (0.16)</u>	<u>\$ (0.03)</u>
Diluted, pro forma	<u>\$ (0.16)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares in computing net income (loss) per common share		
Basic	<u>2,835,951</u>	<u>2,861,310</u>
Diluted	<u>2,908,574</u>	<u>2,888,844</u>

4. SHORT-TERM BORROWINGS

On August 13, 2003, the Company signed a two year \$7,500,000 Committed Revolving Credit Facility (Facility) with Manufacturers and Traders Trust Company (M&T). The Company elects the interest rate on borrowings under the Facility at the time of borrowing at either the bank's prime rate or the thirty, sixty or ninety day LIBOR plus 200 basis points. The Facility expires on August 12, 2005 and is renewable for one year with the consent of both parties.

The Facility requires the Company to maintain certain financial covenants including a tangible net worth ratio among other restrictions. The Company did not borrow funds during the quarter ended March 28, 2004.

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ABLEST INC.
Notes to Condensed Financial Statements
(Unaudited)

5. STOCKHOLDERS' EQUITY

The changes in stockholders' equity for the thirteen week period ended March 28, 2004 are summarized as follows:

(amounts in thousands, except share data)	Common stock	Additional paid-in capital	Retained earnings	Treasury shares	Treasury stock	Total stockholders equity
Balance at December 28, 2003	165	\$5,018	\$14,653	428,341	\$(2,110)	\$17,726
Net income (loss)			(441)			(441)
Executive Stock Awards Plan	1	68				69
Restricted Stock Plan	1	88				89
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at March 28, 2004	\$ 167	\$5,174	\$14,212	428,341	\$(2,110)	\$17,443
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Statements made in this discussion, other than those concerning historical information, should be considered forward-looking statements and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. This notice is intended to take advantage of the safe harbor provided by the Private Securities Litigation Reform Act of 1995 with respect to such forward-looking statements. Risks and uncertainties include, but are not limited to, hiring and maintaining qualified employees, legislative and judicial reforms which could increase the cost of our services to our customers and make the use of staffing service providers less beneficial, the proper functioning of our management information systems, changes in general economic conditions, and trends in workers' compensation claims.

Results of Operations:

The following discussion compares the quarter ended March 28, 2004 to the quarter ended March 30, 2003 and should be read in conjunction with the Condensed Financial Statements, including the related notes thereto, appearing elsewhere in this Report.

Revenues for the quarter and year to date period ended March 28, 2004 were \$25.8 million compared to \$23.2 million for the quarter and year to date period ended March 30, 2003, an increase of \$2.5 million or 10.9%. The increase is primarily due to greater staffing requirements of several existing large light industrial and clerical clients. Revenue increased over the prior year by 11.5% for light industrial clients and 16.5% for clerical clients.

Gross profit was \$3.6 million for the first quarter of 2004 compared to \$4.1 million in 2003, a decrease of \$500,000 or 12.0%. Gross profit as a percentage of revenue was 14.1% for the first quarter of 2004 compared to 17.7% for the first quarter of 2003. The 3.6 percentage point decrease is primarily attributable to a \$734,000 increase in the

provision for workers' compensation self-insurance claims which accounted for 2.6 percentage points and higher state unemployment costs which accounted for 0.7 percentage points of the decrease in gross profit. In the quarter ended March 28, 2004, the Company adjusted its estimate for workers' compensation reserves to reflect updated loss development criteria generated from an actuarial study completed in early April 2004. Although the actuarial analysis resulted in an additional provision, the Company is experiencing a positive trend in workers' compensation costs associated with new claims reported in the quarter. The Company believes these improvements are a result of initiatives implemented during 2003, focused on managing new occurrences and existing claims.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Selling, general and administrative expenses increased by \$92,000 or 2.2% to \$4.3 million from one year earlier. This reflects containment of costs as the revenue increases at a higher rate.

Other income, net decreased by \$14,000 to an expense of \$3,000 compared to income of \$11,000 in the same period last year. The decrease was primarily the result of \$17,000 in sublease income for 2003 for an unused facility.

Income tax benefit increased \$228,000 to \$270,000 from \$42,000 for the first quarter of 2004 as compared to the first quarter of 2003. The effective tax rate remained unchanged at 38%.

Liquidity and Capital Resources:

The quick ratio was 3.3 to 1 and 3.2 to 1 at March 28, 2004 and December 28, 2003, respectively, and the current ratio was 3.7 to 1 and 3.5 to 1, for the same respective periods. Net working capital decreased by \$341,000 to \$11.6 million for the current year to date period. The decrease was primarily due to a decrease of \$1.6 million in accounts receivable, net and partially offset by a decrease in accrued expenses and other current liabilities of \$554,000. Reference should be made to the Statement of Cash Flows, which details the sources and uses of cash. Capital expenditures were \$125,000 during the current year to date period.

On August 13, 2003, the Company signed a two year \$7,500,000 Committed Revolving Credit Facility (Facility) with Manufacturers and Traders Trust Company (M&T). The Company elects the interest rate on borrowings under the Facility at the time of borrowing at either the bank's prime rate or the thirty, sixty or ninety day LIBOR plus 200 basis points. The Facility expires on August 12, 2005 and is renewable for one year with the consent of both parties. The Facility requires the Company to maintain certain financial covenants including a tangible net worth ratio among other restrictions. The Company did not borrow funds during the quarter ended March 28, 2004.

It is anticipated that existing funds, cash flows from operations and available borrowings will be sufficient to cover working capital requirements and capital expenditures for the remainder of fiscal 2004.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company does not believe that its exposure to fluctuations in interest rates is material.

ITEM 4. CONTROLS AND PROCEDURES

Based on their evaluation, as of the end of the period covered by this quarterly report of the effectiveness of our disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have each concluded that our disclosure controls and procedures are effective and sufficient to ensure that we record, process, summarize, and report information required to be disclosed by us in our periodic reports filed under the Securities Exchange Act within the time periods specified by the Securities and Exchange Commission's rules and forms.

Subsequent to the date of their evaluation, there have not been any significant changes in the Company's internal controls or in other factors to the Company's knowledge that could significantly affect these controls, including any corrective action with regard to significant deficiencies and material weaknesses. The design of any system of controls and procedures is based in part upon certain assumptions about the likelihood of future events.

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PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Not applicable.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

The Company filed a report on Form 8-K dated February 13, 2004, under Item 12. The report included a press release reporting the Company's results of operations and financial condition for the thirteen and fifty-two weeks ended December 28, 2003.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABLEST INC.

By: */s/ Vincent J. Lombardo*

Vincent J. Lombardo
Vice President, Chief Financial Officer,
and Secretary

Date: May 12, 2004

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Exhibit Index

Exhibit Number	Description of Document
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.