DYNAMEX INC
Form 10-Q
December 10, 2008

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

FORM 10-Q

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

For the quarterly period ended October 31, 2008

OR

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

Commission file number: 000-21057

DYNAMEX INC.

(Exact name of registrant as specified in its charter)

Delaware	**86-0712225**
(State of incorporation)	**(I.R.S. Employer Identification No.)**
5429 LBJ Freeway, Suite 1000, Dallas, Texas	**75240**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code:
(214) 560-9000

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 þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

The number of shares of the registrant s common stock, $.01 par value, outstanding as of November 30, 2008 was 9,709,968 shares.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements
DYNAMEX INC.
Condensed Consolidated Balance Sheets
(in thousands, except per share data)

	October 31, 2008 (Unaudited)	July 31, 2008
ASSETS		
CURRENT		
Cash and cash equivalents	$ 9,156	$ 19,888
Accounts receivable (net of allowance for doubtful accounts of $971 and $915, respectively)	47,682	47,288
Income taxes receivable	652	1,546
Prepaid and other current assets	3,607	4,429
Deferred income taxes	3,781	3,504
Total current assets	64,878	76,655
PROPERTY AND EQUIPMENT net	8,569	8,670
GOODWILL	46,257	48,109
INTANGIBLES net	756	808
OTHER	3,989	4,382
Total assets	$ 124,449	$ 138,624
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable trade	$ 7,321	$ 12,621
Accrued liabilities	24,112	24,160
Total current liabilities	31,433	36,781
LONG-TERM DEBT		
OTHER LONG-TERM LIABILITIES	4,363	4,209
Total liabilities	35,796	40,990
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY		
Preferred stock; $0.01 par value, 10,000 shares authorized; none outstanding		
	98	101

Common stock; $0.01 par value, 50,000 shares authorized; 9,843 and 10,148 outstanding, respectively		
Additional paid-in capital	37,209	45,311
Retained earnings	49,950	46,905
Accumulated other comprehensive income:		
Cumulative translation adjustment	1,396	5,317
Total stockholders equity	88,653	97,634
Total liabilities and stockholders equity	$ 124,449	$ 138,624

See accompanying notes to the condensed consolidated financial statements.

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DYNAMEX INC.
Condensed Statements of Consolidated Operations
(in thousands except per share data)
(Unaudited)

	Three months ended October 31, 2008	Three months ended October 31, 2007
Sales	$ 115,452	$ 111,752
Cost of sales:		
Purchased transportation	75,382	73,922
Other direct costs	9,061	8,125
Cost of sales	84,443	82,047
Gross profit	31,009	29,705
Selling, general and administrative expenses:		
Salaries and employee benefits	17,918	16,073
Other	6,764	6,587
Selling, general and administrative expenses	24,682	22,660
Depreciation and amortization	783	671
Gain on disposal of property and equipment	(3)	(10)
Operating income	5,547	6,384
Interest expense	38	79
Other income, net	(18)	(100)
Income before income taxes	5,527	6,405
Income taxes	2,482	2,411
Net income	$ 3,045	$ 3,994
Basic earnings per common share:	$ 0.31	$ 0.39
Diluted earnings per common share:	$ 0.30	$ 0.39

Weighted average shares:		
Common shares outstanding	9,948	10,174
Adjusted common shares assuming exercise of stock options	10,045	10,283

See accompanying notes to the condensed consolidated financial statements.

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DYNAMEX INC.
Condensed Statements of Consolidated Cash Flows
(in thousands)
(Unaudited)

	Three months ended October 31,	
	2008	2007
OPERATING ACTIVITIES		
Net income	$ 3,045	$ 3,994
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	783	671
Amortization of deferred bank financing fees		8
Provision for losses on accounts receivable	189	151
Stock option compensation	286	175
Deferred income taxes	(9)	552
Non-cash rent expense	18	15
Gain on disposal of property and equipment	(3)	(9)
Changes in current operating assets and liabilities:		
Accounts receivable	(584)	(8,601)
Prepaids and other current assets	1,716	640
Accounts payable and accrued liabilities	(5,419)	(1,908)
Net cash provided by (used in) operating activities	22	(4,312)
INVESTING ACTIVITIES		
Purchase of property and equipment	(578)	(809)
Acquisition of customer lists		(415)
Purchase of investments	(51)	(173)
Net cash used in investing activities	(629)	(1,397)
FINANCING ACTIVITIES		
Proceeds from stock option exercise		767
Tax benefit realized by exercise of stock options		67
Purchase and retirement of treasury stock	(8,391)	
Other assets and deferred financing fees	332	(353)
Net cash provided by (used in) financing activities	(8,059)	481
EFFECT OF EXCHANGE RATES ON CASH	(2,066)	1,370
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,732)	(3,858)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,888	8,857

CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 9,156	$ 4,999
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 30	$ 48
Cash paid for taxes	$ 1,160	$ 2,314

See accompanying notes to the consolidated financial statements.

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DYNAMEX INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
1. Summary of Significant Accounting Polices

Description of Business Dynamex Inc. (the Company or Dynamex) provides same-day delivery and logistics services in the United States and Canada. The Company s primary services are (i) same-day, on-demand delivery and (ii) same-day local and regional distribution.

Basis of presentation The consolidated financial statements include the accounts of Dynamex Inc. and its wholly-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated. All dollar amounts in the financial statements and notes to the financial statements except per share data are stated in thousands of dollars unless otherwise indicated. Except as otherwise indicated, references to years mean our fiscal year ending July 31, 2008 or ended July 31 of the year referenced, and comparisons are to the corresponding period of the prior year.

The accompanying interim financial statements are unaudited. Certain information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted, although the Company believes the disclosures included herein are adequate to make the information presented not misleading. The results of the interim periods presented are not necessarily indicative of results to be expected for the full fiscal year, and should be read in conjunction with the Company s audited financial statements for the fiscal year ended July 31, 2008.

The accompanying interim financial statements contain all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the Company s financial position at October 31, 2008, the results of its operations for the three month periods ended October 31, 2008 and 2007, and cash flows for the three month periods ended October 31, 2008 and 2007. The tax provisions for the three month periods ended October 31, 2008 and 2007 are based upon management s estimates of the Company s annualized effective tax rate.

Business and credit concentrations The Company s customers are not concentrated in any specific geographic region or industry. During the three months ended October 31, 2008 and 2007, sales to Office Depot, Inc. represented approximately 14.6% and 14.2%, respectively, of the Company s revenue. The Company is currently in discussions with Office Depot, Inc. to rescale its delivery network in response to lower volumes and to reduce costs. As a result, the Company expects sales to Office Depot, Inc. to be, at a minimum, approximately 25% lower on an annual basis. As soon as the discussions with Office Depot, Inc. are complete, the Company will make appropriate disclosures. Sales to the Company s five largest customers, including Office Depot, represented approximately 25.7% and 25.6% of the Company s consolidated sales for the three months ended October 31, 2008 and 2007, respectively.

A significant portion of the Company s revenues are generated in Canada. For the three month period ended October 31, 2008, Canadian revenues accounted for approximately 37.3% of total consolidated revenue, compared to 37.8% for the same period in 2007. The exchange rate between the Canadian dollar and the U.S. dollar decreased 2.9% in the three month period ended October 31, 2008 compared to the corresponding period in the prior year. Had the exchange rate been the same as in the prior period, Canadian sales for the three month period ended October 31, 2008 would have accounted for 39.0% of total sales.

Office Depot represented approximately 14.0% of the net accounts receivable at October 31, 2008. The Company establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

Other assets Recoverable contract contingency costs The Company has recorded as an Other Asset certain costs related to contractually reimbursable contingency costs incurred in connection with the launch of certain contracts in accordance with EITF 99-5, Accounting for Pre-Production Costs Related to Long-Term Supply Arrangements. These costs will be recovered during the initial contract term, from a designated portion of the unit price specified in the contract. Should the contract be cancelled for any reason, the customer is obligated to reimburse the Company for any unamortized balance. Total recoverable contract contingency costs capitalized at October 31, 2008 amount to $1,073 compared to $1,172 at July 31, 2008.

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Other long-term liabilities During July 2006 the Company entered into a new lease for its U.S. corporate headquarters. This lease agreement contains tenant improvement allowances and rent escalation clauses. The Company recognizes a deferred rent liability for tenant improvement allowances within other long-term liabilities and amortizes these amounts over the term of the lease as a reduction of rent expense. For scheduled rent escalation clauses during the lease term, the Company records rental expense on a straight-line basis over the term of the lease.

Certain reclassifications have been made to conform prior period data to the current presentation.

2. Comprehensive Income

The three components of comprehensive income are net income, foreign currency translation gains (losses) and unrealized gains (losses) on investments. Investments consist of payroll withholdings from participants in the Company s deferred compensation plan that are invested in funds designated by the individual participants. Comprehensive income for the three months ended October 31, 2008 and 2007 was as follows:

	Three months ended October 31,	
	2008	2007
Net income	$ 3,045	$ 3,994
Unrealized gains (losses) on investments	(112)	92
Foreign currency translation gains (losses)	(3,809)	3,083
Comprehensive income	$ (876)	$ 7,169

3. Intangibles net

At October 31, 2008, intangibles and related amortization expense for the three months ended October 31, 2008 and 2007 consisted of the following:

				Amortization Expense Three months ended October 31,	
	Asset	Accumulated Amortization	Net	2008	2007
Deferred bank financing fees	$ 132	$ (132)	(0)		8
Customer lists	565	(89)	476	35	23
Trademarks and other	470	(190)	280	5	5
Total	$ 1,167	$ (411)	$ 756	$ 40	$ 36

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4. Computation of Earnings Per Share

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computation as required by Statement of Financial Accounting Standards No. 128, *Earnings Per Share*. Common stock equivalents related to stock options are excluded from diluted earnings per share calculation if their effect would be anti-dilutive to earnings per share.

	Three months ended October 31,	
	2008	2007
Net income	$ 3,045	$ 3,994
Weighted average common shares outstanding	9,948	10,174
Common share equivalents related to options	97	109
Common shares and common share equivalents	10,045	10,283
Net income per common share:		
Basic	$ 0.31	$ 0.39
Diluted	$ 0.30	$ 0.39

5. Repurchase of Equity Securities

The Board of Directors has authorized the Company to purchase up to $78 million of Dynamex Inc. common stock on the open market. Through July 31, 2008, the Company had repurchased a total of 1,962 shares at an average price of $20.07 per share for a total dollar cost of $39,368. Delaware law permits treasury shares to be retired when appropriately authorized by the Board of Directors, and the Company has retired such shares by appropriate reductions in the value of common stock and additional paid-in capital. During the three months ended October 31, 2008, the Company had repurchased a total of 306 shares at an average price of $27.40 per share for a total dollar cost of $8,391. Subsequent to the three months ended October 31, 2008, the Company repurchased 133 shares of Dynamex common stock at an average price of $16.61 per share, leaving a balance of $28,035 in the current authorization. Management intends to continue to purchase shares from time to time using available cash or temporary borrowings from the bank facility.

6. Contingencies

The California Employment Development Department (the EDD), in 2005, conducted an employment tax audit of certain of the Company s operations in California for the period April 2003 through March 2005. As a result of the audit, the EDD concluded that certain independent contractors used by the Company should be reclassified as employees. Based on such reclassification, the EDD made a $345 assessment plus accrued interest against the Company, the bulk of which was for personal income taxes. The Company subsequently provided documentation to the EDD related to the original assessment which resulted in a reduction in the assessment of approximately $100. The Company subsequently pursued an administrative appeal of the denial of its Refund Claim. The California Unemployment Appeals Board upheld the denial following an evidentiary hearing in May. After weighing the cost, management time, and legal fees involved in an appeal to a California court against the value of the potential recovery, the Company made a business decision not to pursue further appeals. The decision has no legal effect or precedential on other audits conducted by the EDD.

The California EDD conducted an employment tax audit of the Company s other California operations in 2006. Based on its conclusion that certain independent contractors used by the Company should be reclassified as employees, a Notice of Assessment was issued by the EDD in April 2007 in the amount of $2.8 million; $2.0 million of which the EDD claims represents personal income tax of the reclassified individuals. As in the earlier matter, the Company has collected and submitted documentation which will work to reduce the personal income tax portion of the assessment. The Company has filed a Petition for Reassessment and intends to vigorously contest the assessment.

On April 15, 2005, a putative class action was filed against the Company by a former Company driver in the Superior Court of California, Los Angeles County, alleging that the Company unlawfully misclassified its California drivers as independent contractors, rather than employees, and asserting, as a consequence, entitlement on behalf of the purported class claimants to overtime compensation and other benefits under California wage and hour laws,

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reimbursement of certain operating expenses, and various insurance and other benefits and the obligation of the Company to pay employer payroll taxes under federal and state law. Plaintiff s Motion for Class Certification was denied in December 2006, and appealed by Plaintiff. Following the exchange of Briefs, an Appellate Hearing was held in August, 2008. The Appellate Court determined that the Trial Court s denial of Plaintiff s earlier Motion to Compel Disclosure of the names and contact information for all members of the putative class prejudiced Plaintiff s ability to support his Motion for Class Certification. The ruling reversed the Denial of the Motion for Class Certification and remanded the matter for additional discovery and eventual re-hearing of the Motion.

On October 17, 2007, two former independent contractor drivers in New York filed a purported class action / collective action against the Company in the United States District Court in New York alleging that the Company had unlawfully misclassified its drivers in New York and in the United States as independent contractors rather than as employees, and that the Company had unlawfully failed to comply with the Truth In Truck Leasing and Leasing Regulations under U.S. Transportation Statutes. The Complaint sought relief under the New York Labor and Wage Statutes and the U.S. Fair Labor Standards Act including payment of wages for all hours worked plus overtime, as well as for reimbursement of business expenses and improper deductions made from driver wages and injunctive relief to prevent further violations. The truck leasing claims sought unspecified amounts by which plaintiffs were underpaid and amounts for which the Company had over deducted. Following various written discovery, Plaintiffs voluntarily dismissed the wage claims, With Prejudice, and the transportation law claims, Without Prejudice.

On July 25, 2008, two California independent contractor drivers filed a purported class action suit alleging that the Company s classification of California drivers as independent contractors was unlawful, and that as a consequence they were denied the benefit of various California wage laws. They further alleged that such misclassification constituted unfair competition under California business statutes. Because the Complaint in large measure contains the same causes of action as the on-going 2005 California case, the Company filed a Special Demurrer and a Motion to Stay further proceedings pending the outcome of the earlier action. Following a November, 2008, Hearing, the Court issued a Stay. Plaintiffs may attempt to consolidate their action with the other California action described above.

On October 9, 2008, the Company was served with a one count Massachusetts State Court Complaint by a former independent contractor driver alleging that the Company had unlawfully misclassified him as an independent contractor rather than as an employee. He alleges that the misclassification resulted in the denial of overtime compensation. The Company has filed an Answer and various Affirmative Defenses to the Action, and expects to begin discovery.

On September 29, 2008, five former independent contractor drivers filed an action in California State Court alleging that the Company misclassified them as independent contractors rather than employees and further that the Company committed unlawful racial harassment and discrimination ultimately resulting in their wrongful termination or wrongful constructive termination, all in violation of the public policy of the State of California. On November 5, 2008, Counsel for Plaintiffs indicated that an Amended Complaint would be filed on or before November 21, 2008. The company believes that the Plaintiffs were properly classified as independent contractors and further believes that Plaintiffs were treated in conformity with all State and Federal laws.

The Company believes that all independent contractor owner-operator drivers are properly classified as independent contractors and intends to vigorously defend these various actions. Given the nature and preliminary status of the existing claims, however, the Company cannot yet determine with certainty the amount of any alleged liability or reasonable range of potential loss in these matters, if any.

The Company is a party to other legal proceedings and claims arising in the ordinary course of its business. Overall, the Company believes that the ultimate liability, if any and resolution of these pending legal proceedings and claims will not, in the aggregate, have a material adverse effect on the financial condition, results of operations, or liquidity of the Company.

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7. Income Taxes

Income tax expense was $2,482, 44.9% of income before taxes in the current year quarter compared to $2,411, 37.6% of income before taxes in the prior year. The increase in the effective tax rate is primarily attributable to both a higher effective U.S. tax rate and a higher proportion of income being generated in the U.S. in the current year compared to the prior year. The effective U.S. tax rate is approximately 4% higher than the prior year due to the Company s decision to repatriate excess Canadian cash rather than keep it permanently invested. The Company made the decision to repatriate excess cash from Canada in FY 2009 to support its ongoing share repurchase program. In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, Accounting for Uncertainty in Income Taxes, (FIN 48) that provides guidance on the accounting for uncertainty in income taxes recognized in financial statements. The Company adopted FIN 48 on August 1, 2007. The adoption of the FIN 48 provision did not have a material effect on the Company s financial position, results of operations or cash flows.

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Item 2.
Management s Discussion and Analysis of Financial Condition and Results of Operations

This discussion contains forward-looking statements, which involve assumptions regarding Company operations and future prospects. Although the Company believes its expectations are based on reasonable assumptions, such statements are subject to risk and uncertainty, including, among other things, competition, foreign exchange, and risks associated with the same-day transportation industry. These and other risks are mentioned from time to time in the Company s filings with the Securities and Exchange Commission. Caution should be taken that these factors could cause the actual results to differ from those stated or implied in this and other Company communications.

General

The Company, through its national network of same-day delivery and logistics operations, is the leading provider of such services in the United States and Canada.

A significant portion of the Company s sales are generated in Canada. For the three month period ended October 31, 2008, Canadian sales accounted for approximately 37.3% of total consolidated sales, compared to 37.8% for the same period in 2007. The exchange rate between the Canadian dollar and the U.S. dollar decreased 2.9% in the three month period ended October 31, 2008 compared to the corresponding period in the prior year. Had the exchange rate been the same as in the prior period, Canadian sales for the three month period ended October 31, 2008 would have accounted for 39.0% of total sales.

Sales consist primarily of charges to customers for delivery services and weekly or monthly charges for recurring services, such as facilities management. Sales are recognized when the service is performed. The yield (value per transaction) for a particular service is dependent upon a number of factors including size and weight of articles transported, distance transported, special handling requirements, requested delivery time and local market conditions. Generally, articles of greater weight transported over longer distances and those that require special handling produce higher yields.

Cost of sales consists of costs relating directly to performance of services, including driver and messenger costs, third party delivery charges, warehousing and sorting expenses, bad debts, insurance and workers compensation costs. The cost of fuel is a component of purchased transportation. Substantially all of the drivers used by the Company provide their own vehicles, and more than 99% are independent contractors as opposed to employees of the Company. Drivers and messengers are generally compensated based on a percentage of the delivery charge. Consequently, the Company s driver and messenger costs are variable in nature. To the extent that delivery personnel are employees of the Company, employee benefit costs related to them, such as payroll taxes and insurance, are also included in cost of sales.

Selling, general and administrative expenses (SG & A) include salaries and benefit costs incurred at the business center level related to taking orders and dispatching drivers and messengers, as well as administrative costs related to such functions. Also included in SG & A expenses are regional and corporate level marketing and administrative costs and occupancy costs related to business center and corporate locations.

Generally, the Company s on-demand services provide higher gross profit margins than do local and regional distribution or fleet management services because driver payments for on-demand services are generally lower as a percentage of sales from such services due primarily to the smaller size of the vehicle required. However, scheduled distribution and fleet management services generally have fewer administrative requirements related to order taking, dispatching drivers and billing. As a result of these variances, the Company s gross profit margin is dependent in part on the mix of business for a particular period.

During the three months ended October 31, 2008 and 2007, sales to Office Depot, Inc. represented approximately 14.6% and 14.2%, respectively, of the Company s sales. The Company is currently in discussions with Office Depot, Inc. to rescale its delivery network in response to lower volumes and to reduce costs. As a result, the Company expects sales to Office Depot, Inc. to be, at a minimum, approximately 25% lower on an annual basis. As soon as the discussions with Office Depot, Inc. are complete, the Company will make appropriate disclosures. Sales to the Company s five largest customers, including Office Depot, represented approximately 25.7% and 25.6% of the Company s consolidated sales for the three months ended October 31, 2008 and 2007, respectively.

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Critical Accounting Policies

The Company s discussion and analysis of its financial condition and results of operations are based on the Company s financial statements, which have been prepared in accordance with accounting policies generally accepted in the United States of America. The Company s critical accounting policies are set forth in the Company s Form 10-K for the year ended July 31, 2008. As of, and for the three month period ended October 31, 2008, there have been no material changes or updates to the Company s critical accounting policies.

Recent Accounting Pronouncements

In September 2006, the FASB issued Statement No. 157 (SFAS 157), Fair Value Measurement, This Statement establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. While SFAS 157 does not require any new value measurements, it may change the application of fair value measurements embodied in other accounting standards. SFAS 157 will be effective at the beginning of the Company s 2009 fiscal year. The Company believes the adoption of SFAS No. 157 will have no material impact on its consolidated financial statements.

In February 2007, the FASB issued Statement No. 159 (SFAS 159), The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No 115. This Statement permits an entity to choose to measure many financial instruments and certain other items at fair value. A business entity will report unrealized gains and losses on items for which the fair value option has been elected in earnings. The fair value option (a) may be applied instrument by instrument, (b) is irrevocable, and (c) is applied to entire instruments and not to portions of instruments. SFAS No. 159 is effective as of the beginning of an entity s first fiscal year that begins after November 15, 2007. The Company believes the adoption of SFAS No. 159 will have no material impact on its consolidated financial statements.

In December 2007, the FASB issued Statement No. 141R (SFAS No. 141R), Business Combinations. This Statement requires most identifiable assets, liabilities, noncontrolling interests, and goodwill acquired in a business combination to be recorded at full fair value. The Statement applies to all business combinations, including combinations among mutual entities and combinations by contract alone. Under SFAS 141R, all business combinations will be accounted for by applying the acquisition method. SFAS 141R is effective for periods beginning on or after December 15, 2008 and will be effective for us beginning in the second quarter of fiscal 2009 for business combinations occurring after the effective date. The Company believes the adoption of SFAS No. 141R will have no material impact on its consolidated financial statements.

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DYNAMEX INC.
Results of Operations

The following table sets forth for the periods indicated, certain items from the Company s condensed statements of consolidated operations, expressed as a percentage of sales:

	Three months ended October 31, 2008	2007
Sales	100.0%	100.0%
Cost of sales:		
Purchased transportation	65.3%	66.1%
Other direct costs	7.8%	7.3%
Cost of sales	73.1%	73.4%
Gross profit	26.9%	26.6%
Selling, general and administrative expenses:		
Salaries and employee benefits	15.5%	14.4%
Other	5.9%	5.9%
Selling, general and administrative expenses	21.4%	20.3%
Depreciation and amortization	0.7%	0.6%
Loss on disposal of property and equipment	0.0%	0.0%
Operating income	4.8%	5.7%
Interest expense	0.0%	0.1%
Other income, net	0.0%	-0.1%
Income before income taxes	4.8%	5.7%
Income taxes	2.1%	2.2%
Net income	2.7%	3.5%

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The following tables sets forth for the periods indicated, the Company s sales accumulated by service type and country:

	Three months ended October 31, (Amounts in thousands)			
	2008		2007	
Sales by service type:				
On demand	37,703	32.7%	37,261	33.3%
Scheduled/distribution	77,749	67.3%	74,491	66.7%
Total sales	$ 115,452	100.0%	$ 111,752	100.0%
Sales by country:				
United States	$ 72,360	62.7%	$ 69,483	62.2%
Canada	43,092	37.3%	42,269	37.8%
Total sales	$ 115,452	100.0%	$ 111,752	100.0%

Three months ended October 31, 2008 compared to three months ended October 31, 2007

Net income for the three months ended October 31, 2008 was $3.0 million ($0.30 per fully diluted share) compared to $4.0 million ($0.39 per fully diluted share) for the three months ended October 31, 2007. A one-time, special payment to the current Chairman of the Board and former President and CEO in the current year quarter of $1.5 million reduced net income per fully diluted share by approximately $0.10.

Sales for the three months ended October 31, 2008 were $115 million, a 3.3% increase over the same period in 2007. The average conversion rate between the Canadian dollar and the U.S. dollar decreased 7.3% compared to the prior year quarter, which had the effect of decreasing sales for the three months ended October 31, 2008 by approximately $3.2 million had the conversion rate been the same as the prior year period. Also, management estimates that approximately 3.2% of the year-over-year increase in sales is attributable to fuel surcharges. The core growth rate, the rate excluding changes in foreign exchange and fuel surcharges, was approximately 2.9% this quarter. U.S. sales increased approximately 1.6% and Canadian sales, in Canadian dollars, increased approximately 5.1% this quarter compared to last year.

Cost of sales for the three months ended October 31, 2008 increased $2.4 million, or 2.9%, to $84.4 million from $82.0 million for the same period in the prior year. Cost of sales, as a percentage of sales was 73.1% for the three months ended October 31, 2008, lower than the 73.4% for the same period in the prior year. The decrease is principally attributable to purchased transportation costs, the largest component of cost of sales represented 65.3% of sales in the current year quarter compared to 66.1% in the prior year, reflecting ongoing cost reduction initiatives. Other direct cost of sales increased from 7.3% last year to 7.8% in the current year quarter principally due to increased space and labor for cross-docking and sortation operations related to new business started over the last year.

SG & A expenses for the three months ended October 31, 2008 increased $2.0 million, or 8.9%compared to the same quarter last year. Approximately 75% of the increase is attributable to the one-time, special payment to the current Chairman of the Board and former President and CEO. As a percentage of sales, SG & A expenses were 21.4% in the current year compared to 20.3% in the prior year quarter. Excluding the special payment, SG&A expenses represented 20.1% of sales in the current year quarter.

For the three months ended October 31, 2008, depreciation and amortization was $783,000 compared to $671,000 for the same period in the prior year. The increase is principally to the recent completion of several longer-term projects and the amortization of customer list acquisitions.

Interest expense for the three months ended October 31, 2008 was $38,000, $41,000 below the prior year period. Lower interest expense compared to the prior year is primarily attributable to a lower average outstanding debt. Income tax expense was $2.5 million, 44.9% of income before taxes in the current year quarter compared to $2.4 million, 37.6% of income before taxes in the prior year. The increase in the effective tax rate is primarily

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attributable to both a higher effective U.S. tax rate and a higher proportion of income being generated in the U.S. in the current year compared to the prior year. The effective U.S. tax rate is approximately 4% higher than the prior year due to the Company s decision to repatriate excess Canadian cash rather than keep it permanently invested. The Company made the decision to repatriate excess cash from Canada in FY 2009 to support its ongoing share repurchase program.

Liquidity and Capital Resources

Our primary sources of liquidity are cash flow provided from operations and our revolving credit facility. Net cash provided by operating activities for the three months ended October, 2008 was $22,000 compared to net cash used in operating activities for the three months ended October, 2007 of $4.3 million. The increase of cash provided by operating activities is principally attributable to the decline in working capital needed to finance accounts receivable that was offset by the reduction in accounts payable and accrued liabilities.

Net cash used in investing activities declined $0.8 million in the three months ended October 31, 2008 compared to the prior year. The prior year included approximately $400,000 for acquisition of customer lists. The remaining decline is primarily due to a reduction of capital asset purchases of approximately $200,000. Our cash flow from operations has been our primary source of liquidity, and we expect it to continue to be the primary source in the future. The Company does not have significant capital expenditure requirements to replace or expand the number of vehicles used in its operations because substantially all of its drivers are independent contractors who provide their own vehicles.

The Board of Directors has authorized the Company to purchase up to $78 million of Dynamex Inc. common stock on the open market. Through July 31, 2008, the Company had repurchased a total of 1,962,000 shares at an average price of $20.07 per share for a total dollar cost of $39.4 million. Delaware law permits treasury shares to be retired when appropriately authorized by the Board of Directors, and the Company has retired such shares by appropriate reductions in the value of common stock and additional paid-in capital. During the three months ended October 31, 2008, the Company repurchased a total of 306,300 shares at an average price of $27.40 per share for a total dollar cost of $8.4 million. Subsequent to October 31, 2008, the Company repurchased 132,800 shares of Dynamex common stock at an average price of $16.61 per share, leaving a balance of $28.0 million in the current authorization. Management intends to continue to purchase shares from time to time using available cash or temporary borrowings from the bank facility.

Our revolving credit facility was initially established in 2004 and last amended on September 17, 2008. The credit facility has a maturity date of July 31, 2013 and has no scheduled principal payments. The revolving credit facility is secured by all of the Company s U.S. assets and 100% of the stock of its domestic subsidiaries. At October 31, 2008, there were $7.2 million letters of credit issued but no outstanding borrowings under the revolving credit agreement. The revolving credit facility requires us to satisfy certain financial and other covenants, including:

Compliance Area	Covenant	Level at October 31, 2008
Ratio of funded debt to EBITDA	Maximum of 2.00 to 1.00	0.25 to 1.00
Total indebtedness	$40 million, including LOC s	$7.2 million
Letters of credit sublimit	$7.5 million	$7.2 million
Treasury stock purchases during the subject period	Ratio of funded debt to EBITDA maximum of 1.50 to 1.00; based on pro forma effect of treasury stock purchases	0.86 to 1.00
Fixed charge coverage ratio	Equal to or greater than 1.35 to 1.00	12.03 to 1.00

The Company s EBITDA (earnings before interest expense, taxes, depreciation and amortization) was approximately $6.3 million (5.5% of sales) for the three months ended October 31, 2008, compared to $7.2 million (6.4% of sales) in the same period last year. The decrease in EBITDA for the three months ended October 31, 2008, as a percentage of sales, is primarily attributable to the one-time special compensation award to the Company s current Chairman of the Board and former President and CEO of $1.5 million. Excluding this one-time special compensation award, EBITDA was $7.8 million (6.8% of sales) for the three months ended October 31, 2008. EBITDA and EBITDA margin (percentage of EBITDA to sales) are supplementally presented because management

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believes that it is a widely accepted and useful financial indicator regarding our results of operations. Management believes EBITDA assists in analyzing and benchmarking the performance and value of our business. Although our management uses EBITDA as a financial measure to assess the performance of our business compared to that of others in our industry, the use of EBITDA is limited because it does not include certain costs that are material in amount, such as interest expense, taxes, depreciation and amortization, necessary to operate our business. EBITDA is not a recognized term under generally accepted accounting principles and, when analyzing our operating performance, investors should use EBITDA in addition to, not as an alternative for, operating income, net income and cash flows from operating activities. The following table reconciles net income presented in accordance with generally accepted accounting principles (GAAP) to EBITDA, which is a non-GAAP financial measure:

	Three months ended October 31, (Amounts in thousands)	
	2008	2007
Net income	$ 3,045	$ 3,994
Adjustments:		
Income tax expense	2,482	2,411
Interest expense	38	79
Depreciation and amortization	783	671
EBITDA	$ 6,348	$ 7,155

Management expects internally generated cash flow and temporary borrowings from its bank credit facility will be sufficient to fund its operations, capital requirements and common stock repurchases.

Inflation

The Company does not believe that inflation has had a material effect on the Company s results of operations. However, there can be no assurance the Company s business will not be affected by inflation in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Exchange Exposure

Significant portions of the Company s operations are conducted in Canada. Exchange rate fluctuations between the U.S. and Canadian dollar result in fluctuations in the amounts relating to the Canadian operations reported in the Company s consolidated financial statements. The Company historically has not entered into hedging transactions with respect to its foreign currency exposure, but may do so in the future.

The sensitivity analysis model used by the Company for foreign exchange exposure compares the revenue and net income figures from Canadian operations, at the actual exchange rate, to a 10% decrease in the exchange rate. Based on this model, a 10% decrease would result in a decrease in quarterly revenue of approximately $4.3 million and a decrease in quarterly net income of approximately $100,000 over this period. There can be no assurances that the above projected exchange rate decrease will materialize. Fluctuations of exchange rates are beyond the control of the Company s management.

Interest Rate Exposure

The sensitivity analysis model used by the Company for interest rate exposure compares interest expense fluctuations over a one-year period based on current debt levels and current average interest rates versus current debt levels at current average interest rates with a 10% increase. Based on this model, a 10% increase would result in no material increase in interest expense. There can be no assurances that the above projected interest rate increase will materialize. Fluctuations of interest rates are beyond the control of the Company s management.

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Item 4. Controls and Procedures

An evaluation was carried out under the supervision and with the participation of the Company s management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a - 15(e) and 15d 15(e) under the Securities Exchange Act of 1934) as of October 31, 2008 (the end of the period covered by this Quarterly Report on Form 10-Q). Based upon the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

There were no significant changes in the Company s internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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PART II
OTHER INFORMATION

Item 1. Legal Proceedings

The California Employment Development Department (the EDD), in 2005, conducted an employment tax audit of certain of the Company s operations in California for the period April 2003 through March 2005. As a result of the audit, the EDD concluded that certain independent contractors used by the Company should be reclassified as employees. Based on such reclassification, the EDD made a $345,000 assessment plus accrued interest against the Company, the bulk of which was for personal income taxes. The Company subsequently provided documentation to the EDD related to the original assessment which resulted in a reduction in the assessment of approximately $100,000. The Company subsequently pursued an administrative appeal of the denial of its Refund Claim. The California Unemployment Appeals Board upheld the denial following an evidentiary hearing in May. After weighing the cost, management time, and legal fees involved in an appeal to a California court against the value of the potential recovery, the Company made a business decision not to pursue further appeals. The decision has no legal effect or precedential on other audits conducted by the EDD.

The California EDD conducted an employment tax audit of the Company s other California operations in 2006. Based on its conclusion that certain independent contractors used by the Company should be reclassified as employees, a Notice of Assessment was issued by the EDD in April 2007 in the amount of $2.8 million; $2.0 million of which the EDD claims represents personal income tax of the reclassified individuals. As in the earlier matter, the Company has collected and submitted documentation which will work to reduce the personal income tax portion of the assessment. The Company has filed a Petition for Reassessment and intends to vigorously contest the assessment.

On April 15, 2005, a putative class action was filed against the Company by a former Company driver in the Superior Court of California, Los Angeles County, alleging that the Company unlawfully misclassified its California drivers as independent contractors, rather than employees, and asserting, as a consequence, entitlement on behalf of the purported class claimants to overtime compensation and other benefits under California wage and hour laws, reimbursement of certain operating expenses, and various insurance and other benefits and the obligation of the Company to pay employer payroll taxes under federal and state law. Plaintiff s Motion for Class Certification was denied in December 2006, and appealed by Plaintiff. Following the exchange of Briefs, an Appellate Hearing was held in August, 2008. The Appellate Court determined that the Trial Court s denial of Plaintiff s earlier Motion to Compel Disclosure of the names and contact information for all members of the putative class prejudiced Plaintiff s ability to support his Motion for Class Certification. The ruling reversed the Denial of the Motion for Class Certification and remanded the matter for additional discovery and eventual re-hearing of the Motion.

On October 17, 2007, two former independent contractor drivers in New York filed a purported class action / collective action against the Company in the United States District Court in New York alleging that the Company had unlawfully misclassified its drivers in New York and in the United States as independent contractors rather than as employees, and that the Company had unlawfully failed to comply with the Truth In Truck Leasing and Leasing Regulations under U.S. Transportation Statutes. The Complaint sought relief under the New York Labor and Wage Statutes and the U.S. Fair Labor Standards Act including payment of wages for all hours worked plus overtime, as well as for reimbursement of business expenses and improper deductions made from driver wages and injunctive relief to prevent further violations. The truck leasing claims sought unspecified amounts by which plaintiffs were underpaid and amounts for which the Company had over deducted. Following various written discovery, Plaintiffs voluntarily dismissed the wage claims, With Prejudice, and the transportation law claims, Without Prejudice.

On July 25, 2008, two California independent contractor drivers filed a purported class action suit alleging that the Company s classification of California drivers as independent contractors was unlawful, and that as a consequence they were denied the benefit of various California wage laws. They further alleged that such misclassification constituted unfair competition under California business statutes. Because the Complaint in large measure contains the same causes of action as the on-going 2005 California case, the Company filed a Special Demurrer and a Motion to Stay further proceedings pending the outcome of the earlier action. Following a November, 2008, Hearing, the Court issued a Stay. Plaintiffs may attempt to consolidate their action with the other California action described above.

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On October 9, 2008, the Company was served with a one count Massachusetts State Court Complaint by a former independent contractor driver alleging that the Company had unlawfully misclassified him as an independent contractor rather than as an employee. He alleges that the misclassification resulted in the denial of overtime compensation. The Company has filed an Answer and various Affirmative Defenses to the Action, and expects to begin discovery.

On September 29, 2008, five former independent contractor drivers filed an action in California State Court alleging that the Company misclassified them as independent contractors rather than employees and further that the Company committed unlawful racial harassment and discrimination ultimately resulting in their wrongful termination or wrongful constructive termination, all in violation of the public policy of the State of California. On November 5, 2008, Counsel for Plaintiffs indicated that an Amended Complaint would be filed on or before November 21, 2008. The company believes that the Plaintiffs were properly classified as independent contractors and further believes that Plaintiffs were treated in conformity with all State and Federal laws.

The Company believes that all independent contractor owner-operator drivers are properly classified as independent contractors and intends to vigorously defend these various actions. Given the nature and preliminary status of the existing claims, however, the Company cannot yet determine with certainty the amount of any alleged liability or reasonable range of potential loss in these matters, if any.

The Company is a party to other legal proceedings and claims arising in the ordinary course of its business. Overall, the Company believes that the ultimate liability, if any and resolution of these pending legal proceedings and claims will not, in the aggregate, have a material adverse effect on the financial condition, results of operations, or liquidity of the Company.

Item 1A. Risk Factors.

In addition to other information in this report, the following risk factors should be considered carefully in evaluating the Company and its business. This report contains forward-looking statements, which involve risks and uncertainties. The Company s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this report.

The global economic crisis could adversely affect the Company s business and financial results and have a material adverse affect on our liquidity and capital resources

As the recent global financial crisis has broadened and intensified, other sectors of the economy have been adversely impacted and a severe global recession now appears likely. Any resulting decreases in customer traffic or average value per transaction will negatively impact the Company s financial performance as reduced revenues result in sales de-leveraging which creates downward pressure on margins. Additionally, many of the effects and consequences of the global financial crisis and a broader global economic downturn are currently unknown; any one or all of them could potentially have a material adverse effect on the Company s liquidity and capital resources, including our ability to raise additional capital if needed, the ability of banks to honor draws on our credit facility, or otherwise negatively impact the Company s business and financial results.

Competition May Adversely Affect Our Results

The market for same-day delivery and logistics services has been and is expected to remain highly competitive. Competition is often intense, particularly for basic delivery services. High fragmentation and low barriers to entry characterize the industry. We compete with other companies in the industry not only to be providers of services but also for qualified drivers. Some of these companies have longer operating histories and greater financial and other resources than we do. Because of the low cost of entry, companies that do not currently operate delivery and logistics businesses may enter the industry in the future. See Business Competition in the July 31, 2008 Form 10K.

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An Increase in Claims May Expose Us to Losses

We utilized the services of approximately 4,600 independent contractor owner-operator drivers. From time to time such persons are involved in accidents or other activities that may give rise to liability claims. We currently carry liability insurance with a per occurrence and an aggregate limit of $30 million. Our independent contractor owner-operators are required to maintain liability insurance of at least the minimum amounts required by applicable state or provincial law (generally such minimum requirements range from $20,000 to $40,000). We also have insurance policies covering property and fiduciary trust liability, which coverage includes all drivers and messengers. We make no assurance that claims against us, whether under the liability insurance or the surety bonds will not exceed the applicable amount of coverage, that our insurer will be solvent at the time of settlement of an insured claim, or that we will be able to obtain insurance at acceptable levels and costs in the future. If we were to experience a material increase in the frequency or severity of accidents, liability claims, workers compensation claims or unfavorable resolutions of claims, our business, financial condition and results of operations could be materially adversely affected. In addition, significant increases in insurance costs could reduce our profitability.

We Rely on Independent Contractor Owner-Operator Drivers to Make Deliveries for Our Customers

Substantially all of our drivers at October 31, 2008 were independent contractor owner-operators. We are currently a party to purported class actions brought by former drivers in California and New York alleging, among other things, that the Company has misclassified its drivers in these jurisdictions as independent contractors rather than employees and seeking recovery of overtime pay and other benefits and expense reimbursements. We believe that our classification of our owner-operators as independent contractors is proper under applicable law and we intend to vigorously defend these actions. However, in the event of an adverse determination in these actions, the Company could be required to pay overtime pay and other benefits and expense reimbursements to former and current drivers who are members of the class for prior periods and, in the case of current drivers, prospectively. To the extent that we are required to pay our owner-operators overtime pay and other benefits and expense reimbursements, our operating costs will increase, which could adversely impact our financial condition and results of operations.

We also do not pay or withhold any federal, state or provincial employment tax with respect to or on behalf of independent contractors. Our classification of our owner-operator drivers as independent contractors has been challenged from time to time by various taxing authorities, as in the case of California, where we have been subjected to assessments and interest for prior periods as a result of audits by the California Employment Development Department. While we believe that our owner-operators are not employees under existing interpretations of federal (U.S. and Canadian), state and provincial laws and intend to vigorously defend such challenges, there is no certainty that we will prevail. If we are required to pay employer taxes or pay backup withholding in respect of prior periods on behalf of our owner-operators, our operating costs will increase, which could adversely impact our financial condition and results of operations.

See Business Services and Employees in our July 31, 2008 Form 10K and Legal Proceedings in Part I, Item 1 of th Form 10-Q.

We May Be Adversely Affected by Local Delivery Industry and General Economic Conditions

Our sales and earnings are especially sensitive to events that affect the delivery services industry including extreme weather conditions, economic factors affecting our significant customers and shortages of or disputes with labor, any of which could result in our inability to service our clients effectively or our inability to profitably manage our operations. In addition, downturns in the level of general economic activity and employment in the U.S. or Canada may negatively impact demand for our services.

Fluctuations of Foreign Exchange Rates May Adversely Affect Our Results

About one-third of our operations are conducted in Canada. Exchange rate fluctuations between the U.S. and Canadian dollar result in fluctuations in the amounts relating to the Canadian operations reported in our consolidated financial statements. The Canadian dollar is the functional currency for the Canadian operations; therefore, any change in the exchange rate will affect our reported sales, expenses and net income for such period. We historically have not entered into hedging transactions with respect to our foreign currency exposure, but may do so in the future. We cannot be assured that fluctuations in foreign currency exchange rates will not have a material adverse

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effect on our business, financial condition or results of operations. See Management s Discussion and Analysis of Financial Condition and Results of Operation in the July 31, 2008 Form 10K.

Failure to Maintain Permits and Licensing May Adversely Affect Our Ability to Operate

Although certain aspects of the transportation industry have been significantly deregulated, our delivery operations are still subject to various federal (U.S. and Canadian), state, provincial and local laws, ordinances and regulations that in many instances require certificates, permits and licenses. If we fail to maintain required certificates, permits or licenses, or to comply with applicable laws, ordinances or regulations we may incur substantial fines or possible revocation of our authority to conduct certain of our operations. See Business Regulation in the July 31, 2008 Form 10K.

We Depend Upon Key Personnel for Our Continued Operations

Our success is largely dependent on the skills, experience and performance of certain key members of our management. The loss of the services of any of these key employees could have a material adverse effect on our business, financial condition and results of operations. Our future success and plans for growth also depend on its ability to attract and retain skilled personnel in all areas of our business. There is strong competition for skilled personnel in the same-day delivery and logistics businesses.

Technological Advances May Adversely Affect Our Business

Technological advances in the nature of facsimile, electronic mail and electronic signature capture have affected the market for on-demand document delivery services. Although we have shifted our focus to the distribution of non-faxable items and logistics services, there can be no assurance that these or other technologies will not have a material adverse effect on our business, financial condition and results of operations in the future.

We Are Highly Dependent Upon Our Technology Infrastructure

We rely heavily on technology to operate our transportation and business networks, and any disruption to our technology infrastructure or the internet could harm our operations and our reputation among our customers. Our ability to attract and retain customers and to compete effectively depends in part upon the sophistication and reliability of our technology network, including our ability to provide features of service that are important to our customers. Any disruption to our computer systems and web site could adversely impact our customer service, our ability to receive orders and respond to prompt delivery assignments and result in increased costs. While we have invested and will continue to invest in technology security initiatives and disaster recovery plans, these measures cannot fully insulate us from technology disruptions and the resulting adverse effect on our operations and financial results.

We Are Dependent on Availability of Qualified Delivery Personnel

We are dependent upon our ability to attract and retain, as employees or through independent contractor or other arrangements, qualified delivery personnel who possess the skills and experience necessary to meet the needs of our operations. We compete in markets in which unemployment is generally relatively low and the competition for independent contractor owner-operators and other employees is intense. We must continually evaluate and upgrade our pool of available independent contractor owner-operators to keep pace with demands for delivery services. We have no assurance that qualified delivery personnel will continue to be available in sufficient numbers and on terms acceptable to us. Our inability to attract and retain qualified delivery personnel could have a material adverse impact on our business, financial condition and results of operations.

We May Need Additional Financing to Pursue Our Acquisition Strategy

We intend to pursue acquisitions that are complementary to our existing operations, primarily through the acquisition of customer lists of small local delivery companies that can be tucked into our current operating locations. We may be required to incur additional debt, issue additional securities that may potentially result in dilution to current holders and also may result in increased goodwill, intangible assets and amortization expense. We have no assurance that we will be able to obtain additional financing if necessary, or that such financing can be obtained on terms we will deem acceptable. As a result, we may be unable to successfully implement our

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acquisition strategy. See Management s Discussion and Analysis of Financial Condition and Results of Operation Liquidity and Capital Resources.

Factors Beyond Our Control May Affect the Volatility of Our Stock Price

Prices for our common stock will be determined in the marketplace and may be influenced by many factors, including the depth and liquidity of the market for our common stock, investor perception of us and general economic and market conditions. Variations in our operating results, general trends in the industry and other factors could cause the market price of our common stock to fluctuate significantly. In addition, general trends and developments in the industry, government regulation and other factors could have a significant impact on the price of our common stock. The stock market has, on occasion, experienced extreme price and volume fluctuations that have often particularly affected market prices for smaller companies and that often have been unrelated or disproportionate to the operating performance of the affected companies, and the price of our common stock could be affected by such fluctuations.

Changing Fuel Costs May Adversely Affect Our Financial Condition and Results of Operations

The independent contractor owner-operators we engage are responsible for all vehicle expense including maintenance, insurance, fuel and all other operating costs. We make every reasonable effort to include fuel cost adjustments in customer billings that we pay to independent contractor owner-operators to offset the impact of fuel price increases. If future fuel cost adjustments are insufficient to offset independent contractor owner-operators costs, we may be unable to attract a sufficient number of independent contractor owner-operators that may negatively impact our business, financial condition and results of operations.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Common Stock Repurchases

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of a publicly announced plan	Approximate dollar value of shares that may yet be purchased under the plan
August 1 to August 31, 2008	210,700	$28.42	210,700	$32.6 million
September 1 to September 30, 2008	11,400	$29.55	11,400	$32.3 million
October 1 to October 31, 2008	84,200	$24.53	84,200	$30.2 million

All purchases were made in open market transactions pursuant to a plan approved by the Board of Directors of the Company authorizing management to acquire up to $78 million of the Company s common stock outstanding.

Item 6. Exhibits

Exhibits:

10.1 Employment agreement between Dynamex Inc. and James L. Welch dated November 1, 2008

31.1 Certification of Chief Executive Officer of the Registrant, pursuant to 17 CFR 240. 13a - 15(e) or 17 CFR 240. 15d - 15(e)

31.2 Certification of Chief Financial Officer of the Registrant, pursuant to 17 CFR 240. 13a - 15(e) or 17 CFR 240. 15d - 15(e)

32.1 Certification of Chief Executive Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

DYNAMEX INC.

SIGNATURES

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.

		DYNAMEX INC.
Dated: December 10, 2008	by	/s/ James L. Welch
		James L. Welch President and Chief Executive Officer (Principal Executive Officer)
Dated: December 10, 2008	by	/s/ Ray E. Schmitz
		Ray E. Schmitz Vice President Chief Financial Officer (Principal Financial Officer)
Dated: December 10, 2008	by	/s/ Gilbert Jones
		Gilbert Jones Corporate Controller (Principal Accounting Officer)

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