

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-06-13** | Period of Report: **1995-04-30**
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FILER

BESTWAY RENTAL INC

CIK: **4344** | IRS No.: **810332743** | State of Incorp.: **DE** | Fiscal Year End: **0731**
Type: **10-Q** | Act: **34** | File No.: **000-08568** | Film No.: **95546639**
SIC: **7359** Equipment rental & leasing, nec

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Business Address
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended April 30, 1995

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

For the transition period from _____ to _____

Commission file number 0-8568

BESTWAY RENTAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

81-0332743

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

7800 Stemmons, Suite 320, Dallas, Texas

75247

(Address of principal executive offices)

(Zip Code)

(214) 630-6655

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No
--- ---

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Number of shares: 75,003,620

As of April 30, 1995

BESTWAY RENTAL, INC.

QUARTERLY REPORT TO THE SECURITIES AND EXCHANGE COMMISSION

FOR THE QUARTER ENDED
April 30, 1995

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PART I - FINANCIAL INFORMATION

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BESTWAY RENTAL, INC.
Consolidated Balance Sheets
April 30, 1995 and July 31, 1994
(Unaudited)

ASSETS	April 30, 1995	July 31, 1994
<S>	<C>	<C>
Cash	\$ 247,116	\$ 273,183
Restricted cash	119,342	119,342
Prepaid expenses	205,601	150,282
Other assets	79,332	30,080
Rental merchandise, at cost	10,673,982	9,100,959
Less accumulated depreciation	4,022,460	3,380,582
	-----	-----
	6,651,522	5,720,377
	-----	-----
Property and equipment, at cost	3,398,158	2,955,411
Less accumulated depreciation	1,553,336	1,140,357
	-----	-----
	1,844,822	1,815,054
	-----	-----
Non-compete, net of amortization	627,923	765,759
Goodwill, net of amortization	2,080,925	2,209,202
	-----	-----
Total Assets	\$ 11,856,583	\$ 11,083,279
	=====	=====

LIABILITIES AND EQUITY

Accounts payable	\$ 785,508	\$ 702,439
Accrued interest - related parties	11,621	12,013
Accrued interest - other	21,865	17,715
Income taxes payable	39,112	35,319
Accrued other liabilities	728,504	769,980
Notes payable - related parties	3,600,000	3,600,000
Notes payable - other	2,982,555	2,885,659
Commitments and contingencies		
Stockholders Equity:		
Preferred stock, \$10.00 par value; 1,000,000 authorized, none issued	--	--
Common stock, \$.01 par value; 90,000,000 authorized; 75,003,620 shares issued and outstanding at April 30, 1995 and July 31, 1994, respectively	750,037	752,638
Paid-in capital	14,107,875	14,108,984

Accumulated deficit	(11,170,494)	(11,801,468)
Total equity	3,687,418	3,060,154
Total liabilities and equity	\$ 11,856,583	\$ 11,083,279

</TABLE>

The accompanying notes are an integral part of the financial statements.

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BESTWAY RENTAL, INC.
Consolidated Statements of Income

For the three and nine months ended April 30, 1995 and April 30, 1994
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended		Nine Months Ended	
	April 30, 1995	April 30, 1994	April 30, 1995	April 30, 1994
<S> Revenues	<C>	<C>	<C>	<C>
Rental income	\$ 4,164,939	\$ 4,284,020	\$12,003,807	\$12,121,498
Sales of merchandise	62,244	74,674	123,500	162,438
	4,229,183	4,358,694	12,127,307	12,283,936
Cost and operating expenses				
Depreciation and amortization-	1,002,933	1,084,891	2,933,569	3,166,755
Rental merchandise	240,035	193,221	695,642	543,633
Other	59,540	86,702	110,873	180,943
Cost of merchandise sold	992,111	992,278	2,935,233	2,988,155
Salaries and wages	186,953	209,082	533,261	612,639
Advertising	1,358,809	1,399,546	3,856,694	4,024,588
Other operating expenses	(5,563)	---	(6,123)	---
Gain on sale of assets	131,665	100,714	386,453	287,740
Interest expense	3,966,483	4,066,434	11,445,602	11,804,453
Income before income tax provision	\$ 262,700	\$ 292,260	\$ 681,705	\$ 479,483
Provision for income tax	17,706	---	50,730	---
Net income	\$ 244,994	\$ 292,260	\$ 630,975	\$ 479,483
Net income per share	\$.00	\$.00	\$.01	\$.00
Weighted average common shares outstanding	75,003,620	75,263,799	75,148,164	75,263,799

</TABLE>

BESTWAY RENTAL, INC.
 Consolidated Statements of Cash Flows
 For the nine months ended April 30, 1995 and April 30, 1994
 (Unaudited)

<TABLE>
 <CAPTION>

	Nine Months Ended	
	April 30, 1995	April 30, 1994
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	\$ 630,975	\$ 479,483
Depreciation and amortization	3,629,210	3,710,393
Net book value of rental units retired	617,195	773,031
(Gain) loss on sale of fixed assets	(6,123)	750
Stock cancellation	(13,424)	--
Stock issued	9,714	--
Changes in asset and liability accounts other than cash:		
Prepaid expenses	(55,319)	(119,330)
Other assets	(49,252)	(10,167)
Accounts payable	43,773	321,354
Income taxes payable	3,793	--
Accrued liabilities	1,394	(153,360)
Total adjustments	(55,611)	38,497
Net cash flows from operating activities:	4,811,936	5,002,154
Cash flows from investing activities:		
Purchase of rental units and equipment	(4,481,908)	(4,118,323)
Additions to property and equipment	(477,712)	(706,760)
Proceeds from sale of property and equipment	24,720	2,500
Mississippi Asset Purchase	--	(1,969,619)
Net cash flows used in investing activities:	(4,934,900)	(6,792,202)
Cash flows from financing activities:		
Proceeds of notes payable	896,800	2,380,006
Repayment of notes payable	(799,904)	(601,877)
Net cash flows provided by financing activities:	96,896	1,778,129
Net increase/(decrease) in cash	(26,068)	(11,919)
Cash at the beginning of the year	273,183	350,797
Cash at the end of the quarter	\$ 247,116	\$ 338,878

</TABLE>

BESTWAY RENTAL, INC.
Consolidated Statements of Stockholders' Equity
for the nine months ended April 30, 1995
(Unaudited)

<TABLE>
<CAPTION>

	Common Shares -----	Stock Amount -----	Paid-In Capital -----	Retained Earnings -----
<S>	<C>	<C>	<C>	<C>
Balance at July 31, 1994	75,263,799	\$ 752,638	\$14,108,984	\$(11,801,469)
Stock cancellation	(447,507)	(4,474)	(8,950)	
Stock issued	187,328	1,873	7,841	
Net income for the nine months ended April 30, 1995	-----	-----	-----	630,975
Balance at April 30, 1995	75,003,620	\$ 750,037	\$14,107,875	\$(11,170,494)
	=====	=====	=====	=====

</TABLE>

The accompanying notes are an integral part of the financial statements.

BESTWAY RENTAL, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Reference to Previous Disclosures

The consolidated financial statements included herein have been prepared by the Company without audit. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted or are incorporated herein by reference to the financial statements included in the Company's 1994 Form 10-K. Management believes that the disclosures are adequate to make the information presented not misleading and that all adjustments deemed necessary for a fair statement of the results for the interim period have been reflected. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's 1994 Form 10-K, particularly with regard to disclosure relating to significant accounting policies.

2. Notes Payable

On August 26, 1994 the \$500,000 note payable dated March 4, 1992 maturing August 31, 1994 was extended until August 31, 1995.

On March 15, 1995, the Company amended its August 19, 1993 First Amended and Restated Revolving Credit Loan Agreement with its senior collateralized lender. In the amendment, the Company increased the maximum amount available under the line of credit from \$3,000,000 to 4,000,000, extended the maturity date from August 18, 1995 to August 18, 1996 and reduced the interest rate from prime plus 2% to prime plus 1.5%. The Amendment to the First Amended and Restate Revolving Credit Loan Agreement is incorporated as Exhibit 10.1 to this Form 10Q.

3. Reclassifications

Certain reclassifications were made to the prior year financial

statements to conform with the current year presentation.

4. Income Taxes

The following is the reconciliation of the U.S. statutory tax rate to the Company's effective tax rate on income for the nine months ended April 30, 1995:

<TABLE>	
<S>	<C>
Federal income tax at statutory rate of 34%	\$ 231,780
Goodwill amortization	43,614
Alternative minimum tax	17,016
State income tax	33,714
Utilization of net operating loss carryforward	(275,394)

Provision for income tax	\$ 50,730
	=====
</TABLE>	

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5. Earnings Per Share

Earnings per common share have been computed based upon the weighted average common shares outstanding during each period. Fully diluted earnings per share is not shown because the relevant convertible securities are either immaterial, antidilutive or both.

6. Restricted Cash

Amount represents escrow money deposited in connection with the sale of certain stores as required by the asset purchase agreement. Disbursements will be made from this account to satisfy any taxes owed by the Company, any claims of third parties against the assets which are the Company's responsibility, or to satisfy any indemnification rights as specified in the asset purchase agreement. Upon termination, any amount not payable to third parties will be returned to the Company.

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

Results of Operations

The following table sets forth, for the periods indicated, certain items from the Company's Consolidated Statements of Income, expressed as a percentage of revenues.

<TABLE>				
<CAPTION>				
		Three Months Ended		Nine Months Ended
		April 30,		April 30,
		1995	1994	1995
		----	----	----
<S>	<C>	<C>	<C>	<C>
Revenues				
Rental income	98.5%	98.3%	99.0%	98.7%
Sales of merchandise	1.5	1.7%	1.0	1.3
	-----	-----	-----	-----
Total revenues	100.0	100.0	100.0	100.0
Cost and operating expenses				
Depreciation and amortization -				
Rental merchandise	23.7	24.9	24.2	25.8
Other	5.7	4.4	5.7	4.4
Cost of merchandise sold	1.4	2.0	.9	1.5
Salaries and wages	23.4	22.8	24.2	24.3
Advertising	4.4	4.8	4.4	5.0
Other operating expenses	32.1	32.1	31.8	32.8
Interest expense	3.1	2.3	3.2	2.3

Total cost and operating expenses	93.8	93.3	94.4	96.1
Net income before income tax provision	6.2	6.7	5.6	3.9
Provision for income tax	.4	--	.4	--
Net income	5.8%	6.7%	5.2%	3.9%

</TABLE>

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, con't.

Third Quarter of Fiscal 1995 Compared with Third Quarter of Fiscal 1994

Total revenue decreased by \$129,511 or 3.0% for the three months ended April 30, 1995, as compared to the three months ended April 30, 1994 due to a decrease in the number of stores in operation to 35 from 41. Same store revenues increased by \$220,019 or 8.1%. Revenues from the Company's Mississippi stores acquired September 10, 1993 increased \$194,908 or 24.2%. Revenues from three new stores opened in the first quarter of 1994 increased \$98,454 or 52.8%. Revenues decreased \$642,892 due to the six Midwest stores closed as a result of the June 16, 1994 asset purchase agreement.

The Company experienced significant improvement in store operating margins during the quarter ended April 30, 1995 compared to the quarter ended April 30, 1994. The three new stores opened in 1994 experienced profits of approximately \$58,000 compared to losses of approximately \$16,000 for the three month period ended April 30, 1995 and 1994, respectively. Total store operating margins including the three new stores, Mississippi stores acquired September 10, 1993, same stores and the six Midwest stores closed June 16, 1994 increased 25.9% as a result of better merchandising strategies and upgrading the Company's sales and support resources. Interest expense increased to 3.1% from 2.3% of total revenues due to increased borrowings for the purchase of new delivery vans and a 2.25% increase in the interest rate at April 30, 1995 compared to April 30, 1994.

The Company's improved performance is primarily due to the implementation of a marketing program based on increasing the Company's share of the customer's business and the implementation of a broad-based training program designed to improve customer satisfaction skills of the Company's employees and to reduce employee turnover.

Nine Months Ended April 30, 1995 Compared with Nine Months Ended April 30, 1994

Total revenues decreased by \$156,629 or 1.3% for the nine months ended April 30, 1995, as compared to the nine months ended April 30, 1994. Same store revenues increased \$506,332 or 6.2%. Revenues from the Company's Mississippi stores acquired September 6, 1993 increased \$874,140 or 46.5%. Revenues from the three new stores opened in the first quarter of 1994 increased \$422,353 or 122.6%. Revenues decreased \$1,959,454 due to the six Midwest stores closed as a result of the June 16, 1994 asset purchase agreement.

The Company experienced significant improvement in store operating margins during the nine months ended April 30, 1995 compared to the nine months ended April 30, 1994. The three new stores opened in 1994 experienced profits of approximately \$127,000 compared to losses of approximately \$144,000 for the nine months ended April 30, 1995 and 1994, respectively. Total store operating margins including the three new stores, Mississippi stores acquired September 10, 1993, same stores and the six Midwest stores closed June 16, 1994 increased 32.0% as a result of better merchandising strategies and upgrading the Company's sales and support resources. Interest expense increased to 3.2% from 2.3% of total revenues due to increased borrowings for the purchase of new delivery vans and a 2.25% increase in the interest rate at April 30, 1995

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, con't.

The Company's improved performance is primarily due to the implementation of a marketing program based on increasing the Company's share of the customer's business and the implementation of a broad-based training program designed to improve customer satisfaction skills of the Company's employees and to reduce employee turnover.

Financial Condition, Liquidity and Capital Resources

The Company's primary source of funds to finance its business has been its cash flows provided by operating activities and its bank borrowings. The funds have been used primarily to purchase and carry additional rental merchandise for existing stores.

On March 15, 1995, the Company amended its August 19, 1993 First Amended and Restated Revolving Credit Loan Agreement with its senior collateralized lender. In the amendment, the Company increased the maximum amount available under the line of credit from \$3,000,000 to \$4,000,000, extended the maturity date from August 18, 1995 to August 18, 1996 and reduced the interest rate from prime plus 2% to prime plus 1.5%.

The Company's net cash flows provided by operating activities and used in investing activities was \$4,811,936 and \$4,934,900, respectively. The \$190,218 decrease in cash flows from operating activities as compared to the same period last year is primarily due to a decrease in asset and liability accounts other than cash as a result of closing six stores on June 16, 1994. The Company's investing activities primarily reflect its continuing replacement of rental merchandise that was purchased by customers' either by full pay our under the rental agreement or by exercise of the customers' early purchase option and provide increased inventory levels to meet the Company's increase in the number of units on rent. Additions to property and equipment include the purchase and retrofit of vehicles and leasehold improvements for five of the Company's older stores. In addition, the Company implemented a jewelry program having related costs of approximately \$118,000 for the design and installation of jewelry centers in each store.

With the Company having available credit of \$1,579,473 under the \$4,000,000 amended line of credit at April 30, 1995 and reporting operating profits, management believes the Company has adequate cash resources to meet its cash obligation.

Inflation

Although the Company cannot precisely determine the effects of inflation on its business, it is management's belief that the effects on revenues and from continuing operating results have not been significant.

PART II - OTHER INFORMATION

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

1. Name Change

On April 13, 1995 a majority of the stockholders of the Company authorized an amendment of the Certificate of Incorporation in order to effect

the change of the Company's name to Bestway, Inc. effective June 6, 1995. The Amendment to the Certificate is incorporated as Exhibit 3.1 to this Form 10Q.

2. Reverse Split of Common Stock

On April 13, 1995 a majority of the stockholders of the Company authorized an amendment of the Certificate of Incorporation in order to effect the reverse stock split of each share of common stock, par value \$.01 per share, into one-five hundredth of a fully paid and nonassessable share of common stock, par value \$5.00 per share effective June 6, 1995. In addition, a majority of the stockholders authorized a Fractional Share Program to permit holders of fewer than 500 shares of common stock to maintain their equity interest in the Company and to provide funds to the Company for the purpose of paying holders of fractional interests in reverse split common stock the fair value of their fractional interests. The Amendment to the Certificate is incorporated as Exhibit 3.1 to this Form 10Q.

3. Reclassification of Common Stock

On April 13, 1995 a majority of the stockholders of the Company authorized an amendment of the Certificate of Incorporation in order to effect a subsequent reclassification pursuant to which each one share of common stock, par value \$5.00 per share, was converted into ten shares of common stock, par value \$.01 per share effective June 7, 1995. The Amendment to the Certificate is incorporated as Exhibit 3.1 to this Form 10Q.

4. Authorized Shares Decrease

On April 13, 1995 a majority of the stockholders of the Company authorized an amendment of the Certificate of Incorporation in order to effect a decrease in the Company's authorized number of shares of common stock from 90,000,000 shares to 20,000,000 shares effective June 7, 1995. The Amendment to the Certificate is incorporated as Exhibit 3.1 to this Form 10Q.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K, SIGNATURES

(a) Exhibits required by Item 601 of Regulation S-K

3.1 Amended and Restated Certificate of Incorporation

10.1 First Amendment to First Amended and Restated Revolving Credit Loan Agreement dated March 15, 1995

27 Financial Data Schedule

(b) Reports on Form 8-K

None

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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.

June 13, 1995

/s/ Beth A. Durrett

Beth A. Durrett
Vice President - Controller
(Principal Financial Officer and duly
authorized to sign on behalf of the
Registrant)

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INDEX TO EXHIBITS

<TABLE> <CAPTION> EXHIBIT NUMBER -----	DESCRIPTION -----
<S> 3.1	<C> Amended and Restated Certificate of Incorporation
10.1	First Amendment to First Amended and Restated Revolving Credit Loan Agreement dated March 15, 1995
27	Financial Data Schedule

</TABLE>

EXHIBIT 3.1

CERTIFICATE OF AMENDMENT TO THE
THIRD RESTATED CERTIFICATE OF INCORPORATION OF
BESTWAY RENTAL, INC.
(REVERSE STOCK SPLIT)

We, R. Brooks Reed, President, and Beth A. Durrett, Secretary, of Bestway Rental, Inc., a corporation existing under the laws of the State of Delaware (the "Corporation"), do hereby certify as follows:

FIRST: That the first sentence of Article FIRST of the Third Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation") of this Corporation be amended and restated in its entirety, effective as of the effective time ("Effective Time") of this Certificate of Amendment, as specified in paragraph SEVENTH hereof, to read as follows:

"The name of the Corporation is Bestway, Inc."

SECOND: That the first paragraph of Article FOURTH of the Certificate of Incorporation be amended and restated in its entirety, effective as of the Effective Time of this Certificate of Amendment as specified in paragraph SEVENTH hereof, to read as follows:

"The total number of shares of stock of all classes which the Corporation shall have authority to issue is One Million, One Hundred and Fifty Thousand and One Hundred (1,150,100). One Million (1,000,000) of such shares, having the par value of Ten Dollars (\$10.00) per share, shall be designated Preferred Stock, and One Hundred and Fifty Thousand and One Hundred (150,100) of such shares, having the par value of Five Dollars (\$5.00) per share, shall be designated Common Stock.

Effective as of 6:00 p.m. Eastern Daylight Time on June 6, 1995 (the "Effective Time"), without any further action on the part of the Corporation or its stockholders, each share of Common Stock, par value \$.01 per share, then issued and outstanding shall be changed into one-five hundredth (1/500) of a fully paid and nonassessable share of Common Stock, par value \$5.00 per share (the "Reverse Stock Split"). No fractional shares will be issued as a result of the Reverse Stock Split and, in lieu of fractional shares, stockholders will receive cash in the amount of the fair value of fractions of a share as of the Effective Time as determined by the Board of Directors of the Corporation; provided, however, that stockholders who, at a specified date prior to the Effective Time, return to the Corporation (or its exchange agent for this purpose) a letter of transmittal and other documentation, properly completed in accordance with

instructions in the letter of transmittal, may elect to purchase (i) additional fractional shares in an amount sufficient for such stockholder to hold a full share of Common Stock for any fractional share held by such stockholder as a result of the Reverse Stock Split, and (ii) to the extent of the number of whole shares, if any, remaining in the fractional share pool created by the Reverse Stock Split after satisfying the purchase of fractional shares pursuant to the preceding clause (i), additional whole shares of Common Stock in order to provide funds to the Corporation for the payment of cash to the holders of fractional shares."

THIRD: That the foregoing amendments to the Certificate of Incorporation were duly adopted by the unanimous written consent of the Board of Directors of the Corporation of

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resolutions declaring said amendments to be advisable, and directing appropriate officers of the Corporation to procure the adoption, approval and written consent of stockholders holding at least a majority of the outstanding stock of the Corporation.

FOURTH: That the foregoing amendments were authorized by a resolution in the form of a written consent signed by holders of a majority of the outstanding stock of the Corporation entitled to vote thereon, and notice thereof was duly given to those stockholders who did not consent in writing.

FIFTH: That the foregoing amendments were duly adopted in accordance with the applicable provisions of Section 242, and Section 228 of the General Corporation Law of the State of Delaware.

SIXTH: That except as provided above, the Certificate of Incorporation shall remain unchanged.

SEVENTH: That pursuant to Section 103(d) of the General Corporation Law of the State of Delaware, this Certificate of Amendment shall be effective at 6:00 p.m. Eastern Daylight Time on June 6, 1995.

IN WITNESS WHEREOF, we have executed this Certificate of Amendment as of the 2nd day of June, 1995.

/s/ R. BROOKS REED
R. Brooks Reed, President

ATTEST:

/s/ BETH A. DURRETT
Beth A. Durrett, Secretary

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CERTIFICATE OF AMENDMENT TO THE

THIRD RESTATED CERTIFICATE OF INCORPORATION OF

BESTWAY, INC.

(Reclassification of Common Stock)

We, R. Brooks Reed, President, and Beth A. Durrett, Secretary, of Bestway Inc., a corporation existing under the laws of the State of Delaware (the "Corporation"), do hereby certify as follows:

FIRST: That the first paragraph of Article FOURTH of the Third Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation") of this Corporation be amended and restated in its entirety, effective as of the effective time ("Effective Time") of this Certificate of Amendment as specified in paragraph SEVENTH hereof, to read as follows:

"The total number of shares of stock of all classes which the Corporation shall have authority to issue is Twenty-one Million (21,000,000). One Million (1,000,000) of such shares, having the par value of Ten Dollars (\$10.00) per share, shall be designated Preferred Stock, and Twenty Million (20,000,000) of the shares, having the par value of One Cent (\$0.01) per share, shall be designated Common Stock.

Effective as of 6:00 a.m. Eastern Daylight Time on June 7, 1995 (the "Effective Time"), each share of Common Stock, par value Five Dollars (\$5.00) per share, then issued and outstanding shall be changed into and reclassified as Ten (10) fully paid and nonassessable shares of Common Stock, par value One Cent (\$0.01) per share."

SECOND: That the foregoing amendment to the Certificate of Incorporation was duly adopted by the unanimous written consent of the Board of Directors of the Corporation of resolutions declaring said amendment to be advisable, and directing appropriate officers of the Corporation to procure the adoption, approval and written consent of stockholders holding at least a majority of the outstanding stock of the Corporation.

THIRD: That the foregoing amendment was authorized by a resolution in the form of a written consent signed by holders of a majority of the outstanding stock of the Corporation entitled to vote thereon, and notice thereof was duly given to those stockholders who did not consent in writing.

FOURTH: That the foregoing amendment was duly adopted in accordance with the applicable provisions of Section 242 and Section 228 of the General Corporation Law of the State of Delaware.

FIFTH: That pursuant to Section 244 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation approved by resolution the reduction of the Corporation's capital resulting from the reclassification of such

stock pursuant to the foregoing amendment.

SIXTH: That except as provided above, the Certificate of Incorporation shall remain unchanged.

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SEVENTH: That pursuant to Section 103(d) of the General Corporation Law of the State of Delaware, this Certificate of Amendment shall be effective at 6:00 a.m. Eastern Daylight Time on June 7, 1995.

IN WITNESS WHEREOF, we have executed this Certificate of Amendment as of the 28th day of April, 1995.

/s/ R. BROOKS REED
R. Brooks Reed, President

ATTEST:

/s/ BETH A. DURRETT
Beth A. Durrett, Secretary

EXHIBIT 10.1

FIRST AMENDMENT TO FIRST AMENDED
AND RESTATED REVOLVING CREDIT LOAN AGREEMENT

THIS FIRST AMENDMENT TO FIRST AMENDED AND RESTATED REVOLVING CREDIT LOAN AGREEMENT (the "AMENDMENT"), dated as of March 15, 1995, is among the Borrower (as defined below) and COMERICA BANK-TEXAS, a Texas banking association ("LENDER").

RECITALS:

Borrower and Lender have entered into that certain First Amended and Restated Revolving Credit Loan Agreement dated as of August 19, 1993 (such agreement as previously amended and/or extended and as may be hereafter amended or otherwise modified from time to time, the "AGREEMENT").

Borrower and Lender desire to amend the Agreement as herein provided.

NOW, THEREFORE, in consideration of the premises herein contained and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.1 Definitions. Capitalized terms used in this Amendment, to the extent not otherwise defined herein, shall have the same meanings as in the Agreement, as amended hereby. As used herein the term "BORROWER" shall mean, collectively, Bestway Rental, Inc., a Delaware corporation, EZY Rental, Inc., a Tennessee corporation, K.C. Resource Service Corporation, a Missouri corporation, and U.S. Credit-Service Corporation, a Missouri corporation, each of which are jointly and severally liable under all documents executed by them for the benefit of Lender.

ARTICLE II

Amendments

Section 2.1. Amendment to Section 1.1. Effective as of the date hereof, certain definitions contained in Section 1.1 of the Agreement are hereby amended as follows:

(a) The following definitions are hereby substituted for existing definitions of the same identity, and such existing definitions are deleted in their entirety:

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"MAXIMUM REVOLVING CREDIT LOAN" shall mean \$4,000,000.00.

"REVOLVING CREDIT NOTE" shall mean the First Modification Revolving Credit Note dated March 15, 1995, in the original principal amount of \$4,000,000, executed by the Borrower and payable to the order of the Bank, as renewed, extended, increased and/or modified from time to time.

"TERMINATION DATE" shall mean August 18, 1996.

Section 2.2 Amendment to Section 2 Generally. Effective as of the date hereof, the reference in Section 2.1. of the Agreement to "\$3,000,000" is deleted and replaced with "\$4,000,000". Additionally, any other reference in Section 2, generally, to a \$3,000,000 limit for the face amount of the Revolving Credit Note shall be deleted and \$4,000,000 shall be substituted therefor.

Section 2.3 Amendment to Section 2.2.4. Effective as of the date hereof, all references in Section 2.2.4 of the Agreement to "two percent (2%)" shall be deleted and substituted therefor shall be "one and one-half percent (1.50%)."

ARTICLE III

Conditions Precedent

The effectiveness of this Amendment is subject to the condition that Lender shall have received as of the date hereof, in form and substance satisfactory to Lender, (a) the Revolving Credit Note, (b) resolutions of the Board of Directors of the Borrower certified by its Secretary or an Assistant Secretary which authorize the execution, delivery, and performance by the Borrower of this Amendment, and (c) written ratification of all existing subordination agreements from O'Donnell & Masur, L.P., Jack E. Meyer and Eules Aero Components, Inc.

ARTICLE IV

Ratifications and Other Agreements

Section 4.1 Ratifications. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions

set forth in the Agreement and except as expressly modified and superseded by this Amendment, the terms and provisions of the Agreement, the Note, and all other loan and collateral documents executed in connection with the Agreement are hereby ratified and confirmed and shall continue in full force and effect. Borrower and Lender agree that the Agreement as amended hereby and all other documents executed in connection with the Agreement or this Amendment to which Borrower is a party shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.

FIRST AMENDMENT TO FIRST AMENDED AND
RESTATED REVOLVING CREDIT LOAN AGREEMENT - Page 2

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Section 4.2 Representations and Warrantes. Borrower hereby represents and warrants to Lender that (a) the execution, delivery and performance of this Amendment and any and all other documents executed and/or delivered in connection herewith have been authorized by all requisite corporate action on the part of Borrower and will not violate the articles of incorporation or bylaws of Borrower or any agreement to which Borrower or any of its properties is bound, (b) the representations and warranties contained in the Agreement, as amended hereby, and any other documents executed in connection therewith or herewith are true and correct on and as of the date hereof as though made on and as of the date hereof, (c) no Event of Default has occurred and is continuing and no event or condition has occurred that with the giving of notice or lapse of time or both would be an Event of Default, and (d) Borrower is in full compliance with all covenants and agreements contained in the Agreement as amended hereby. Since the date of the Agreement, there have been no amendments to any of the respective articles of incorporation or bylaws of the entities which collectively comprise the Borrower.

ARTICLE V

Miscellaneous

Section 5.1 Survival of Representations and Warranties. All representations and warranties made in this Amendment or any other document executed in connection herewith shall survive the execution and delivery of this Amendment, and no investigation by Lender or any closing shall affect the representations and warranties or the right of Lender to rely upon them.

Section 5.2 Reference to Agreement. The Agreement, and any and all other agreements, documents, or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Agreement as amended hereby, are hereby amended so that any reference in such documents to the Agreement shall mean a reference to the Agreement as amended hereby.

Section 5.3 Expenses of Lender. As provided in the Agreement, Borrower agrees to pay on demand all reasonable costs and expenses incurred by Lender in connection with the preparation, negotiation, and execution of this Amendment and any other documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including without limitation the costs and reasonable fees of Lender's legal counsel, and all costs and expenses incurred by Lender in connection with the enforcement or preservation of any rights under the Agreement, as amended hereby, or any other document executed in connection therewith, including without limitation the costs and reasonable fees of Lender's legal counsel.

Section 5.4 Severability. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

FIRST AMENDMENT TO FIRST AMENDED AND
RESTATED REVOLVING CREDIT LOAN AGREEMENT - Page 3

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Section 5.5 Applicable Law. This Amendment and all other documents executed pursuant hereto shall be deemed to have been made and to be performable in Dallas, Dallas County, Texas and shall be governed by and construed in accordance with the laws of the State of Texas.

Section 5.6 Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of Lender, Borrower, and their respective successors and assigns, except Borrower may not assign or transfer any of its rights or obligations hereunder without the prior written consent of Lender.

Section 5.7 Counterparts. This Amendment may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

Section 5.8 Effect of Waiver. No consent or waiver, express or implied, by Lender to or for any breach of or deviation from any covenant, condition or duty by Borrower or any obligated party shall be deemed a consent or waiver to or of any other breach of the same or any other covenant, condition or duty.

Section 5.9 Headings. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

Section 5.10 Non-Application of Chapter 15 of Texas Credit Code. The provisions of Chapter 15 of the Texas Credit Code (Vernon's Annotated Texas

Statutes, Article 5069-15) are specifically declared by the parties not to be applicable to this Amendment or any of the Loan Documents or the transactions contemplated hereby.

Section 5.11 ENTIRE AGREEMENT. THE AGREEMENT, THIS AND ALL OTHER INSTRUMENTS, DOCUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION WITH THE AGREEMENT OR THIS AMENDMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THIS AMENDMENT, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

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Executed as of the date first written above.

BORROWER:

BESTWAY RENTAL, INC.,

By: /s/ BETH A. DURRETT

Beth A. Durrett
Vice President

EZY RENTAL, INC.

By: /s/ BETH A. DURRETT

Beth A. Durrett
Vice President

K. C. RESOURCE SERVICE
CORPORATION

By: /s/ BETH A. DURRETT

Beth A. Durrett
Vice President

U.S. CREDIT-SERVICE
CORPORATION

By: /s/ BETH A. DURRETT

Beth A. Durrett
Vice President

LENDER:

COMERICA BANK-TEXAS

By:

G. Christopher Jones
Vice President

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RESTATED REVOLVING CREDIT LOAN AGREEMENT - Page 5

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Each of the undersigned hereby severally, but not jointly, (i) consents and agrees to this Amendment and (ii) confirms and agrees that any subordination agreement previously executed respectively by the undersigned for the benefit of Lender is in full force and effect and is the legal, valid and binding obligation of the undersigned and is, enforceable in accordance with its terms.

SUBORDINATING PARTIES:

O'DONNELL & MASUR, L.P.

By: O'Donnell & Masur, a general partnership

By: /s/ JAMES A. O'DONNELL

Its: General Partner

/s/ JACK E. MEYER

Jack E. Meyer

EULESS AERO COMPONENTS, INC.

By: /s/ DAVID S. TEMIN

Its: Vice President

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SECOND AMENDED AND RESTATED
REVOLVING CREDIT NOTE

Dallas, Texas

\$4,000,000.00

March 15, 1995

FOR VALUE RECEIVED, BESTWAY RENTAL, INC., a Delaware corporation which is successor-by-merger to EZY Acquisition, Inc., EZY RENTAL, INC., a Tennessee corporation, K. C. RESOURCE SERVICE CORPORATION, a Missouri corporation, and U.S. CREDIT - SERVICE CORPORATION, a Missouri corporation, (collectively, the "MAKER"), jointly and severally promise to pay to the order of COMERICA BANK-TEXAS (the "BANK") at 1909 Woodall Rodgers Freeway, Dallas, Texas 75201, on August 18, 1996, (unless sooner due under the terms of the Loan Agreement, as that term is defined below) the principal sum of Four Million and No/100 Dollars (\$4,000,000.00) or, if less, the aggregate unpaid principal sum shown on the schedule(s) which, at the sole option of the Bank, may be attached hereto and made a part hereof.

The unpaid principal amount of this Note shall bear interest and be payable as provided in that certain First Amended and Restated Revolving Credit Agreement, dated August 19, 1993, between the Maker and the Bank (as amended from time to time, including without limitation of even date herewith, the "LOAN AGREEMENT") and this Note is the Revolving Credit Note referred to in the Loan Agreement. Interest shall be payable to the extent accrued on the first day of each calendar month, beginning April 1, 1995, until maturity (whether by acceleration or otherwise) and, from and after such maturity, on demand.

This Note is secured by the Collateral described in the Loan Agreement, which Loan Agreement, as it may be amended from time to time, is by this reference incorporated herein and made a part hereof. Reference is hereby made to the Loan Agreement for a statement of its terms and conditions, including those conditions under which this Note may be paid prior to its due date or its due date accelerated. Unless otherwise defined herein, capitalized terms herein shall have the meanings given such terms in the Loan Agreement.

If an Event of Default (as defined in the Loan Agreement) occurs and is not cured within the time, if any, provided for by the Loan Agreement and is continuing, the Bank may exercise any one or more of the rights (including the right to accelerate this Note and any other Indebtedness, as defined in the Loan Agreement) and remedies granted by the Loan Agreement, or given to a secured party under applicable law.

The Bank is hereby granted a security interest in all property of the Maker at any time in the possession of the Bank and in all balances of deposit accounts of the Maker from time to time with the Bank. If an Event of Default occurs and is not cured within the time, if any,

SECOND AMENDED AND RESTATED REVOLVING CREDIT NOTE - Page 1

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provided for by the Loan Agreement, then the Bank, upon the occurrence and continuance of any such Event of Default, or after the expiration of any time provided for cure, may at its option and without prior notice to the Maker declare the principal of and interest on this Note to be immediately due and payable and may set off against the principal of and interest on this Note (i) any amount owing by the Bank to the Maker (ii) any property of the Maker in the possession of the Bank and (iii) any amount in any deposit account of the Maker with the Bank.

No agreements, conditions, provisions or stipulations contained in this Note or in any other agreement between the Maker and the Bank, or the occurrence of an Event of Default, or the exercise by the Bank of the right to accelerate the payment of the maturity of principal and interest, or to exercise any option whatsoever contained in this Note or any other agreement between the Maker and the Bank, or the arising of any contingency whatsoever, shall entitle the Bank to collect, in any event, interest exceeding the maximum rate of nonusurious interest allowed from time to time by applicable state or federal laws as now or as may hereinafter be in effect (the "MAXIMUM LEGAL RATE") and in no event shall the Maker be obligated to pay interest exceeding such Maximum Legal Rate, and all agreements, conditions or stipulations, if any, which may in any event or contingency whatsoever operate to bind, obligate or compel the Maker to pay a rate of interest exceeding the Maximum Legal Rate shall be without binding force or effect, at law or in equity, to the extent only of the excess of interest over such Maximum Legal Rate. In the event any interest is charged in excess of the Maximum Legal Rate (the "Excess"), the

Maker acknowledges and stipulates that any such charge shall be the result of an accidental and bona fide error, and such Excess shall be, first applied to reduce the principal of any obligations due, and, second, returned to the Maker, it being the intention of the parties hereto not to enter at any time into an usurious or otherwise illegal relationship. The parties hereto recognize that with fluctuations in the prime commercial interest rate from time to time announced by the Bank such an unintentional result could inadvertently occur. By the execution of this Note, the Maker covenants that (a) the credit or return of any Excess shall constitute the acceptance by the Maker of such Excess, and (b) the Maker shall not seek or pursue any other remedy, legal or equitable, against the Bank based, in whole or in part, upon the charging or receiving of any interest in excess of the Maximum Legal Rate. For the purpose of determining whether or not any Excess has been contracted for, charged or received by the Bank, all interest at any time contracted for, charged or received by the Bank in connection with the Maker's obligations shall be amortized, prorated, allocated and spread in equal parts during the entire term of this Note. If at any time the rate of interest payable hereunder shall be computed on the basis of the Maximum Legal Rate, any subsequent reduction in the Contract Rate shall not reduce such interest thereafter payable hereunder below the amount computed on the basis of the Maximum Legal Rate until the aggregate amount of such interest accrued and payable under this Note equals the total amount of interest which would have accrued if such interest had been at all times computed solely on the basis of the Contract Rate.

Unless preempted by federal law, the rate of interest from time to time in effect hereunder shall not exceed the "INDICATED RATE CEILING" from time to time in effect under Chapter

SECOND AMENDED AND RESTATED REVOLVING CREDIT NOTE - Page 2

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1 of the Texas Credit Code (Vernon's Texas Civil Statutes), Section (a)(1), Article 5069-1.04, as amended.

The provisions of this Note governing interest shall be deemed to be incorporated into every document or communication relating to the obligations which sets forth or prescribes any account, right or claims or alleged account, right or claim of the Bank with respect to the Maker (or any other obligor in respect of the obligations), whether or not any provisions of this Note is referred to therein. All such documents and communications and all figures set forth therein shall, for the sole purpose of computing the extent of the obligations asserted by the Bank thereunder, be automatically recomputed by the Maker or any other obligor, and by any court considering the same, to give effect to the adjustments or credits required by this Note.

If the applicable state or federal law is amended in the future to allow a greater rate of interest to be charged under this Note than is

presently allowed by applicable state or federal law, then the limitation of interest hereunder shall be increased to the maximum rate of interest allowed by applicable state or federal law, as amended, which increase shall be effective hereunder on the effective date of such amendment, and all interest charges owing to the Bank by reason thereof shall be payable upon demand.

The provisions of Chapter 15 of the Texas Credit Code (Vernon's Texas Civil Statutes), Article 5069-15, as amended, are specifically declared by the parties hereto not to be applicable to this Note or any of the other agreements executed in connection herewith or therewith or to the transactions contemplated hereby or thereby.

The Maker and all guarantors and endorsers (i) waive presentment, demand, protest and notice of dishonor, (ii) agree that no extension or indulgence to the Maker or release or nonenforcement of any security, whether with or without notice, shall affect the obligations of any guarantor or endorser, and (iii) agree to reimburse the holder of this Note for any and all costs and expenses (including, but not limited to, reasonable attorney fees) incurred in collecting or attempting to collect any and all principal of and interest on this Note.

Should this Note be signed by more than one party, all of the obligations herein contained shall be the joint and several obligations of each signatory hereto.

This Note is given in renewal and extension (but not as a novation) of that certain First Amended and Restated Revolving Credit Note dated August 19, 1993, in the original principal amount of \$3,000,000.00 executed by Maker and payable to the order of the Bank.

SECOND AMENDED AND RESTATED REVOLVING CREDIT NOTE - Page 3

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IN WITNESS WHEREOF, the Maker has executed this Note as of the 15th day of March, 1995.

BESTWAY RENTAL, INC.

By: /s/ BETH A. DURRETT

Beth A. Durrett
Vice President

EZY RENTAL, INC.

By: /s/ BETH A. DURRETT

Beth A. Durrett
Vice President

K.C. RESOURCE SERVICE
CORPORATION

By: /s/ BETH A. DURRETT

Beth A. Durrett
Vice President

U.S. CREDIT - SERVICE
CORPORATION

By: /s/ BETH A. DURRETT

Beth A. Durrett
Vice President

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