

U.S. Securities and Exchange Commission  
Washington, D.C. 20549

Form 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2000

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 0-21467  
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DRIVERSSHIELD.COM CORP.  
-----

(Exact name of small business issuer as specified in its charter)  
(F/K/A FIRST PRIORITY GROUP, INC.)

New York  
-----

11-2750412  
-----

(State or other jurisdiction of  
incorporation or organization)

(IRS Employer  
Identification No.)

51 East Bethpage Road  
Plainview, New York 11803  
-----

(516) 694-1010  
-----

(Address of principal executive offices)

(Issuer's telephone number)

Securities registered under Section 12(b) of the Exchange Act: None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock par value \$.015 per share

Preferred Stock Purchase Rights par value \$.01 per share

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

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As of November 10, 2000, the issuer had outstanding a total of  
10,521,988 shares of common stock.

Transitional Small Business Format (check one) Yes  No

DRIVERSSHIELD.COM CORP.  
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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2000

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Item 1. Financial Statements

DRIVERSSHIELD.COM CORP.

CONDENSED CONSOLIDATED BALANCE SHEET

September 30, 2000

(UNAUDITED)

<TABLE>

ASSETS	<C>
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Current assets:	
Cash and cash equivalents	\$ 508,769
Accounts receivable, less allowance for doubtful accounts of \$28,223	2,305,644
Investment securities	776,630
Prepaid expenses and other current assets	29,563
	-----
Total current assets	3,620,606
Property and equipment, net of accumulated depreciation of \$782,231	903,636
Security deposits and other assets	30,003
	-----
Total assets	\$4,554,245
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	\$1,051,897
Accrued expenses and other current liabilities	748,660
Current portion of long-term debt	14,644
	-----
Total current liabilities	1,815,201
	-----
Shareholders' equity:	
Common stock, \$.015 par value, authorized 20,000,000 shares; issued 11,241,655 shares	168,625
Preferred stock, \$.01 par value, authorized 1,000,000 shares; none issued or outstanding	--
Additional paid-in capital	9,281,657
Accumulated other comprehensive income, unrealized holding gain on investment securities	1,854
Deficit	(5,230,058)
	-----
	4,222,078
Less common stock held in treasury, at cost, 719,667 shares	1,483,034
	-----
Total shareholders' equity	2,739,044
	-----
Total liabilities and shareholders' equity	\$4,554,245
	-----

</TABLE>

See notes to condensed consolidated financial statements.

## DRIVERSSHIELD.COM CORP.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended	
	September 30, 2000	September 30, 1999
	----	----
Revenue:		
<S>	<C>	<C>
Collision repairs and fleet management services	\$ 3,304,304	\$ 2,346,454
Subrogation and salvage service commissions	87,650	128,373
Automobile affinity services	480,293	193,783
	-----	-----
Total revenues	3,872,247	2,668,610
Cost of revenue (principally charges incurred at repair facilities for services)	2,794,754	1,999,990
	-----	-----
Gross profit	1,077,493	668,620
	-----	-----
Operating expenses:		
Selling	112,034	92,917
General and administrative	887,915	821,954
	-----	-----
Total operating expenses	999,949	914,871
	-----	-----
	77,544	(246,251)
Investment and other income	25,822	31,053
	-----	-----
Income (loss) from operations before income taxes	103,366	(215,198)
Income taxes, all current	2,525	--
	-----	-----
Net income (loss)	\$ 100,841	\$ (215,198)
	-----	-----
Earnings (loss) per share:		
Basic	\$ .01	\$ (.03)
Diluted	.01	(.03)
	-----	-----
Weighted average number of common shares outstanding	10,465,757	8,331,800
Effect of dilutive securities, stock options and warrants	948,466	--
	-----	-----
Weighted average diluted common shares outstanding	11,414,223	8,331,800
	-----	-----

&lt;/TABLE&gt;

See notes to condensed consolidated financial statements.

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## DRIVERSSHIELD.COM CORP.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

<TABLE>  
<CAPTION>

	Nine Months Ended	
	September 30, 2000	September 30, 1999
	-----	-----
Revenue:		
<S>	<C>	<C>
Collision repairs and fleet management services	\$ 8,860,033	\$ 8,111,903
Subrogation and salvage service commissions	305,675	388,634
Automobile affinity services	1,358,620	481,103
	-----	-----
Total revenues	10,524,328	8,981,640
Cost of revenue (principally charges incurred at repair facilities for services)	7,498,267	6,902,258
	-----	-----

Gross profit	3,026,061	2,079,382
Operating expenses:		
Selling	306,734	302,968
General and administrative	2,603,855	2,432,915
Total operating expenses	2,910,589	2,735,883
	115,472	(656,501)
Other income (expense):		
Realized loss on investment	(1,518)	--
Investment and other income	92,227	110,157
Total other income	90,709	110,157
Income (loss) from operations before income taxes	206,181	(546,344)
Income taxes, all current	7,225	--
Net income (loss)	\$ 198,956	\$ (546,344)
Earnings (loss) per share:		
Basic	\$ .02	\$ (.07)
Diluted	.02	(.07)
Weighted average number of common shares outstanding	9,767,145	8,331,800
Effect of dilutive securities, stock options and warrants	1,990,619	--
Weighted average diluted common shares outstanding	11,757,764	8,331,800

</TABLE>

See notes to condensed consolidated financial statements.

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DRIVERSSHIELD.COM CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

<TABLE>

	Nine Months Ended	
	September 30, 2000	September 30, 1999
	-----	-----
<S>	<C>	<C>
Cash flows provided by (used in) operating activities:		
Net income (loss)	\$ 198,956	\$ (546,344)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	184,746	132,985
Realized loss on investment	1,518	--
Options granted for services	49,421	--
Changes in assets and liabilities:		
Accounts receivable	(510,904)	17,177
Prepaid expenses and other current assets	9,813	44,580
Security deposit and other assets	5,285	73,734
Accounts payable	113,479	(562,764)
Accrued expenses and other current liabilities	1,093	667,606
Total adjustments	(145,549)	373,318
Net cash provided by (used in) operating activities	53,407	(173,026)
Cash flows used in investing activities:		
Purchase of property and equipment	(399,288)	(161,506)
Purchase of investments	(35,937)	--
Proceeds from sale of investments	300,000	--
Net cash used in investing activities	(135,225)	(161,506)
Cash flows provided by (used in) financing activities:		
Repayment of long-term debt	(35,869)	(31,252)
Proceeds from disgorgement of short-swing profits	75,097	--
Proceeds from issuance of common stock	9,000	--
	-----	-----

Net cash provided by (used in) financing activities	48,228	(31,252)
	-----	-----
Net decrease in cash and cash equivalents	(33,590)	(365,784)
Cash and cash equivalents at beginning of period	542,359	2,782,180
	-----	-----
Cash and cash equivalents at end of period	\$ 508,769	\$ 2,416,396
	-----	-----
Supplemental disclosure of cash flow information:		
Cash paid during the period for income taxes	\$ 7,225	\$ --
	-----	-----

</TABLE>

See notes to condensed consolidated financial statements.

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DRIVERSSHIELD.COM CORP.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2000  
(Unaudited)

1. BASIS OF PRESENTATION

The information contained in the condensed consolidated financial statements for the three and nine month periods ended September 30, 2000 and 1999 is unaudited, but includes all adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair presentation of the financial position and the results of operations for these periods.

The financial statements and notes are presented in accordance with the requirements of Form 10-QSB, and do not contain certain information included in the Company's annual statements and notes. These financial statements should be read in conjunction with the Company's annual financial statements as reported in its most recent annual report on Form 10-KSB.

Certain prior period balances have been reclassified to conform to the current period classification.

For the nine month period ending September 30, 2000, there were no significant non-owner sources of income or expense. Accordingly, a separate statement of comprehensive income has not been presented herein.

2. BUSINESS OF THE COMPANY AND NAME CHANGE

The Company, a New York corporation formed on June 28, 1985, is engaged in the administration and provision of vehicle maintenance and repair management, including collision and general repair programs, appraisal services, subrogation services, vehicle salvage and vehicle rentals; and the administration of automotive collision repair referral services for self insured fleets, insurance companies and affinity group members. The Company announced that, effective November 2, 2000, it had changed its name to driversshield.com Corp., and that its stock trading symbol on the Nasdaq Small-Cap Market would become DRVR.

The Company's office is located at 51 East Bethpage Road, Plainview, New York 11803 and its telephone number is (516) 694-1010.

3. RESULTS OF OPERATIONS

The unaudited results of operations for the three and nine months ended September 30, 2000 are not necessarily indicative of the results to be expected for the full year.

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4. EARNINGS PER SHARE

Basic earnings (loss) per share is computed by dividing earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that could occur if common stock equivalents, such as stock options and warrants, were exercised. During the three and nine month periods ended September 30, 1999 there was no dilutive effect from stock options and warrants.

5. OUTSTANDING DISPUTES

The Company has advised a third-party provider, which it had engaged for

specified tasks associated with the development and enhancement of its software, that it was disputing selected charges totaling \$228,000. Of such amounts, \$156,000 had previously been paid, and capitalized, and is currently included in the accompanying financial information. The remaining \$72,000 payment has been withheld, and has not been recorded in the accompanying financial statements.

In an unrelated matter, the Company has not recorded the value of certain warrants provided to an investment relations firm because it is seeking to nullify that contract for lack of performance. The Company is seeking to recoup \$45,000, which it has already paid and expensed in its financial records, and to void warrants, including those vested, which had been granted to acquire shares of its common stock.

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## Item 2. Management's Discussion and Analysis or Plan of Operation

### Forward Looking Statements - Cautionary Factors

The following discussion and analysis should be read in conjunction with the Company's Financial Statements and the notes hereto appearing elsewhere in this report. This report contains forward-looking statements within the meaning of the Private Securities Litigation Act of 1995. The company cautions that forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties (including those identified in "Risk Factors" in the company's Form 10-KSB for the year ended December 31,1999) and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Except for the historical information and statements contained in this Report, the matters and items set forth in this Report are forward looking statements.

### Results of Operations

In accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), the Company has determined that the portion of its business representing commission revenues from its subrogation and salvage services should be presented in the financial statements on a net basis. It had been the Company's prior policy to report such revenues and related costs on a gross basis. Accordingly, the three and nine months ended September 30, 1999 have been reclassified to reflect the net presentation. There was no effect on net loss or net cash flows used in operating activities from the reclassification. Revenues and direct costs for the three and nine months ended September 30,1999 were reduced by \$715,000 and \$2,063,000, respectively.

Three Months ended September 30,2000 (the "2000 Quarter") Compared to Three Months ended September 30, 1999 (the "1999 Quarter").

The 2000 Quarter reflected net income of \$101,000 compared to a net loss of (\$215,000) in the 1999 Quarter, an increase of \$316,000. Basic and fully diluted earnings per share was \$.01 per share in the 2000 Quarter, versus a loss of (\$.03) in the 1999 Quarter.

### Revenues

Revenues were \$3,872,000 in the 2000 Quarter, versus \$2,669,000 in the 1999 Quarter, representing an increase of \$1,203,000 or 45%. The Company's revenues increased \$917,000 from its collision repair and fleet management services, including subrogation and salvage commissions. This represented an increase of 37% for the 2000 Quarter, as compared to the 1999 Quarter. The increase in revenues for collision repair and fleet management services reflects expansion of the client base which was added to the fleet program during the second quarter of 2000 and reached its full effect during the third quarter. In the 2000 Quarter Affinity Services sales increased \$287,000 or 148% to \$480,000 as compared to \$194,000 for the same period in 1999 reflecting marketing efforts that resulted in greater participation in the Company's membership services programs.

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### Operating Income and Expenses

Consolidated net income increased by \$316,000 to \$101,000 in the 2000 Quarter from a loss of \$215,000 in the 1999 Quarter. The increase in revenues of \$1,203,000, described above, resulted in an increase in gross profit of \$408,000. In addition to revenue growth, the gross profit percentage also increased from 25% in the 1999 Quarter to 28% in the 2000 Quarter. This was due to a greater proportion of revenues from Affinity services. The direct costs of services related to such revenue (principally charges from automotive repair facilities) were \$2,795,000 in the 2000 Quarter, as compared to \$2,000,000 for the same period in 1999, representing an increase of \$795,000 or 40%, while the

increase in revenues was 45% in the aggregate.

Selling, general and administrative expenses increased by \$85,000 (9%), to \$1,000,000 in the 2000 Quarter, from \$915,000 in the 1999 Quarter. The increase in operating expenses is mainly attributable to the additional personnel necessary for the start-up of operations of driversshield.com CRM and increase in Affinity Services.

Nine Months ended September 30, 2000 (the "2000 Period") Compared to Nine Months ended September 30, 1999 (the "1999 Period").

The 2000 Period reflected net income of \$199,000 compared to a net loss of (\$546,000) in the 1999 Period, an increase of \$745,000. Basic and fully diluted earnings per share increased to \$.02 per share in the 2000 Period, versus a loss of (\$.07) in the 1999 Period.

#### Revenues

Revenues increased 17%, or \$1,542,000, to \$10,524,000 in the 2000 Period versus \$8,982,000 in the 1999 Period. Collision repair and fleet management services, including subrogation and salvage commissions, increased \$665,000 or 8% to \$9,166,000 in the 2000 Period versus \$8,501,000 for the same period in 1999. The increase in revenues for collision repair and fleet management services reflects expansion of the client base which was added to the fleet program during the 2000 quarter and reached its full effect during the third quarter. Affinity Services sales increased \$878,000, or 182%, in the 2000 Period, to \$1,359,000 versus \$481,000 in the 1999 Period, reflecting marketing efforts that increased enrollment in the Company's membership services program.

#### Operating Income and Expenses

Consolidated net income increased by \$745,000 to \$199,000 in the 2000 Period from a loss of \$(546,000) in the 1999 Period. The increase in revenues of \$1,542,000, described above, resulted in an increase in gross profit of \$947,000. In addition to revenue growth, the gross profit percentage also increased from 23% in the 1999 Period to 29% in the 2000 Period. This was due to a greater proportion of revenues from Affinity Services. The direct costs of services related to such revenue (principally charges from automotive repair facilities) were \$7,498,000 in the 2000 Period, as compared to \$6,902,000 for the same period in 1999, representing an increase of \$596,000 or 9%, while the increase in revenues was 17%, in the aggregate.

In the 2000 Period, selling, general and administrative expenses increased \$175,000,

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or 6%, to \$2,911,000 as compared to \$2,736,000 for the same period of 1999.

Investment and other income was \$91,000 for the 2000 Period, as compared to \$110,000 for the 1999 Period, representing a decrease of \$19,000. The decrease is primarily attributable to lower average investment balances available.

#### Liquidity and Capital Resources

As of September 30, 2000, the Company had cash and cash equivalents of \$509,000. The Company also holds 79,450 shares of Salomon Smith Barney Adjustable Rate Government Income Fund securities valued at \$777,000 at September 30, 2000. Working capital of the Company as of September 30, 2000, was \$1,805,000. The Company's operating activities generated \$53,000 of cash for the nine months ended September 30, 2000 as compared to 1999, when the Company's operating activities used \$173,000 of cash. The reduced cash use for operations is primarily a result of the increase in net income for 2000, as described above. In the aggregate of all activities, cash decreased \$34,000 for the nine months ended September 30, 2000.

The Company believes that its present cash position will enable the Company to continue to support its operations for the next twelve months.

The Company announced on May 31, 2000 that it has secured up to \$10 million in equity based funding commitments. This equity facility enables driversshield.com Corp. to draw down funds at its discretion on a monthly basis for a twelve month period following the effective date of a registration statement, filed to register the shares issued pursuant to the Securities Act of 1933, in exchange for common stock of the Company. Pricing will be established during the draw down periods according to the volume-weighted average trading price of the Company's common stock. A registration statement for the securities became effective on November 14, 2000. No funding has occurred to date under this agreement.

#### Deferred Income Taxes

The Company has an operating loss carryforward of approximately \$4.7 million which is available to offset future taxable income. A valuation allowance has been established for the full amount of the deferred tax benefit and accordingly no deferred tax asset has been presented in the accompanying financial statements. To the extent the Company is profitable in future periods, such carryforwards may be utilized to offset taxable earnings. However, to the extent the Company is not profitable it would not be able to realize this benefit.

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PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

27 Financial Data Schedules

SIGNATURES

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

driversshield.com Corp.

Date: November 14, 2000

By: /s/ Barry Siegel

-----  
Barry Siegel  
Chairman of the Board  
of Directors, Chief Executive Officer  
Treasurer, Secretary and Principal  
Financial and Accounting Officer

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Index of Exhibits

Exhibit No. Description  
-----

27 Financial Data Schedules



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