

SMF ENERGY CORP
Form 10-Q
February 14, 2008

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

FORM 10-Q

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

For the quarterly period ended December 31, 2007

OR

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

Commission File Number 000-21825

SMF ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware **65-0707824**
(State of Incorporation) (IRS Employer Identification Number)

200 West Cypress Creek Road, Suite 400, Fort Lauderdale, Florida **33309**
(Address of principal executive offices) (Zip Code)

(954) 308-4200

(Issuer's telephone number, including area code)

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

As of February 12, 2008 there were 14,556,295 shares of the registrant's common stock outstanding.

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SMF ENERGY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in 000's, except share and per share data)

| | December 31, 2007 | June 30, 2007 |
|--|-------------------|---------------|
| | (unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 63 | \$ 987 |
| Accounts receivable, net of allowances of \$1,381 and \$1,401 | 21,390 | 25,442 |
| Inventories, net of reserve of \$192 and \$238 | 2,142 | 2,283 |
| Prepaid expenses and other current assets | 347 | 471 |
| Total current assets | 23,942 | 29,183 |
| Restricted cash | 520 | 1,145 |
| Property and equipment, net of accumulated depreciation of \$12,942 and \$11,807 | 10,266 | 10,017 |
| Identifiable intangible assets, net of accumulated amortization of \$870 and \$681 | 2,583 | 2,771 |
| Goodwill | 228 | 228 |
| Deferred debt costs, net of accumulated amortization of \$402 and \$1,197 and other assets | 579 | 581 |
| Total assets | \$ 38,118 | \$ 43,925 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Line of credit payable | \$ 12,947 | \$ 17,297 |
| Promissory notes | 2,000 | - |
| Accounts payable | 6,821 | 7,887 |
| Accrued expenses and other liabilities | 4,713 | 3,831 |
| Total current liabilities | 26,481 | 29,015 |
| Long-term liabilities: | | |
| Promissory notes, net of unamortized debt discount of \$98 and \$1,027 | 10,511 | 10,250 |
| Other long-term liabilities | 491 | 546 |
| Total liabilities | 37,483 | 39,811 |
| Contingencies | | |
| Shareholders' equity: | | |
| Common stock, par value \$.01 per share; 50,000,000 shares authorized; 14,556,295 and 13,702,426 issued and outstanding at December 31, 2007 and June 30, 2007, respectively | 146 | 137 |
| Additional paid-in capital | 26,538 | 25,021 |
| Accumulated deficit | (26,049) | (21,044) |
| Total shareholders' equity | 635 | 4,114 |
| Total liabilities and shareholders' equity | \$ 38,118 | \$ 43,925 |

The accompanying notes to the condensed unaudited financial statements are an integral part of these consolidated balance sheets.

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SMF ENERGY CORPORATION AND SUBSIDIARIES

CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in 000's, except per share data)

| | Three Months Ended December 31, | | Six Months Ended December 31, | |
|--|---------------------------------|-----------|-------------------------------|------------|
| | 2007 | 2006 | 2007 | 2006 |
| Petroleum product sales and service revenues | \$ 52,905 | \$ 48,276 | \$ 102,094 | \$ 106,920 |
| Petroleum product taxes | 6,089 | 6,522 | 12,397 | 13,506 |
| Total revenues | 58,994 | 54,798 | 114,491 | 120,426 |
| Cost of petroleum product sales and service | 50,340 | 45,176 | 96,347 | 99,699 |
| Petroleum product taxes | 6,089 | 6,522 | 12,397 | 13,506 |
| Total cost of sales | 56,429 | 51,698 | 108,744 | 113,205 |
| Gross profit | 2,565 | 3,100 | 5,747 | 7,221 |
| Selling, general and administrative expenses | 3,788 | 4,149 | 7,591 | 7,799 |