

SMF ENERGY CORP
Form 10-Q
May 15, 2007

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10Q

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

For the quarterly period ended March 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
(State of Incorporation)

65-0707824
(IRS Employer Identification Number)

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

33309
(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 (as defined 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 May 10, 2007 there were 13,273,629 shares of the registrant's common stock outstanding.

SMF ENERGY CORPORATION

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SMF Energy Corporation and Streicher Mobile Fueling, Inc.

Except where the context provides otherwise, references to the “Company,” “we,” “us,” “our,” and similar terms mean SMF Energy Corporation and Streicher Mobile Fueling, Inc. When we refer to business and financial information relating to periods prior to the merger of Streicher Mobile Fueling, Inc. with and into SMF Energy Corporation, effective February 14, 2007, we are referring to the business and financial information of Streicher Mobile Fueling, Inc.

**SMF ENERGY CORPORATION (FORMALLY KNOWN AS STREICHER MOBILE FUELING, INC.) AND
SUBSIDIARIES**
CONDENSED CONSOLIDATED BALANCE SHEETS
MARCH 31, 2007 (Unaudited) and JUNE 30, 2006
(in 000's, except share and per share data)

	March 31, 2007 (unaudited)	June 30, 2006
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,485	\$ 4,103
Accounts receivable, less allowances of \$1,400 (June 30, 2006 - \$1,252)	21,240	24,345
Inventories, less slow moving reserves of \$376 (June 30, 2006 - \$276)	2,251	3,321
Prepaid expenses and other current assets	400	413
Total current assets	27,376	32,182
Property and equipment, net	10,829	11,739
Identifiable intangible assets, net	2,866	3,148
Goodwill	228	228
Deferred debt costs, net	615	749
Other assets	59	68
Total assets	\$ 41,973	\$ 48,114
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Line of credit payable	\$ 14,805	\$ 15,612
Accounts payable	6,794	10,367
Accrued expenses and other liabilities	3,981	2,787
Current portion of long-term debt	3,304	2,118
Total current liabilities	28,884	30,884
Long-term liabilities:		
Promissory notes, net of unamortized debt discount of \$1,386 (June 30, 2006 - \$1,652)	7,564	10,993
Capital lease obligations	—	25
Long-term debt, net	7,564	11,018
Deferred revenue	511	555
Other long-term liabilities	123	117
Total liabilities	37,082	42,574
Shareholders' equity:		
Common stock, par value \$.01 per share; 50,000,000 shares authorized; 12,645,143 issued and outstanding at March 31, 2007 (June 30, 2006 - 10,491,143)	130	105
Additional paid-in capital	24,191	19,890
Accumulated deficit	(19,430)	(14,455)
Total shareholders' equity	4,891	5,540
Total liabilities and shareholders' equity	\$ 41,973	\$ 48,114

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

**SMF ENERGY CORPORATION (FORMERLY KNOWN AS STREICHER MOBILE FUELING, INC.) AND
SUBSIDIARIES**

**CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED**

MARCH 31, 2007 and 2006
(in 000's, except per share data)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2007	2006	2007	2006
Petroleum product sales and service revenues	\$ 45,450	\$ 51,806	\$ 152,368	\$ 157,060
Petroleum product taxes	6,367	7,490	19,875	21,408
Total revenues	51,817	59,296	172,243	178,468
Cost of petroleum product sales and service	42,972	49,548	142,658	147,166
Petroleum product taxes	6,367	7,490	19,875	21,408
Total cost of sales	49,339	57,038	162,533	168,574
Gross profit	2,478	2,258	9,710	9,894
Selling, general and administrative expenses	4,077	3,569	11,886	9,109
Operating (loss) income	(1,599)	(1,311)	(2,176)	785
Interest expense	(1,023)	(905)	(2,808)	(2,539)
Interest and other income	4	—	9	11
Loss before income taxes	(2,618)	(2,216)	(4,975)	(1,743)
Income tax expense	—	—	—	—
Net loss	\$ (2,618)	\$ (2,216)	\$ (4,975)	\$ (1,743)
Basic and diluted net loss per share	\$ (.23)	\$ (.23)	\$ (.46)	\$ (.18)
Basic and diluted weighted average number of shares outstanding during the period	11,600	9,814	10,867	9,642

The accompanying notes to condensed unaudited financial statements are an integral part of these consolidated statements of operations

**SMF ENERGY CORPORATION (FORMERLY KNOWN AS STREICHER MOBILE FUELING, INC.) AND
SUBSIDIARIES**
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2007 AND 2006
(in 000's)

	Nine Months Ended March 31	
	2007	2006
CASH FLOWS USED IN OPERATING ACTIVITIES:		
Net loss	\$ (4,975)	\$ (1,743)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization:		
Cost of sales	1,316	1,130
Selling, general and administrative	672	342
Amortization of deferred debt costs	248	276
Amortization of debt discount	573	518
Stock based compensation expense	304	280
Provision for allowance for doubtful accounts	370	248
Provision for slow moving inventory	100	—
Other	17	—
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	2,735	(3,646)
Decrease in inventories, prepaid expenses and other assets	992	1,059
Decrease in accounts payable and other liabilities	(2,398)	(477)
Net cash used in operating activities	(46)	(2,013)
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Cash used for business acquisitions, net of cash acquired	—	(1,751)
Purchases of property and equipment	(796)	(2,018)
Net cash used in investing activities	(796)	(3,769)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	185,882	187,145
Repayments of line of credit	(186,689)	(185,685)
Proceeds from private placement of common stock and warrants issuance	3,274	—
Costs related to the issuance of common stock and warrants	(256)	—
Proceeds from exercise of common stock options and warrants	31	1,211
Proceeds from issuance of promissory notes	—	3,000
Payments of debt issuance costs	(114)	(235)
Principal payment on promissory notes	(1,794)	(1,385)
Repayments of promissory notes	—	(452)
Capital lease payments	(110)	(11)
Net cash provided by financing activities	224	3,588
NET DECREASE IN CASH AND CASH EQUIVALENTS	(618)	(2,194)
CASH AND CASH EQUIVALENTS, beginning of the period	4,103	4,108
CASH AND CASH EQUIVALENTS,	\$ 3,485	\$ 1,914

end of the period

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest	\$	2,084	\$	1,083
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SUPPLEMENTAL CASH FLOW INFORMATION OF NON-CASH ACTIVITIES:

Conversion of promissory notes to common shares	\$	630	\$	—
Amortization of stock compensation	\$	304	\$	280
Unamortized debt discount related to warrants and warrants extension	\$	327	\$	1