

SMF ENERGY CORP  
Form 10-Q  
November 14, 2007

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 September 30, 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. 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 November 8, 2007 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)*

	September 30, 2007 (unaudited)	June 30, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 19	\$ 987
Accounts receivable, net of allowances of \$1,454 and \$1,401	22,926	25,442
Inventories, net of reserve of \$219 and \$238	2,202	2,283
Prepaid expenses and other current assets	316	471
Total current assets	25,463	29,183
Restricted cash	721	1,145
Property and equipment, net of accumulated depreciation of \$12,358 and \$11,807	10,322	10,017
Identifiable intangible assets, net of accumulated amortization of \$775 and \$681	2,678	2,771
Goodwill	228	228
Deferred debt costs, net of accumulated amortization of \$319 and \$1,197		
and other assets	584	581
Total assets	\$ 39,996	\$ 43,925
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Line of credit payable	\$ 14,194	\$ 17,297
Accounts payable	8,500	7,887
Accrued expenses and other liabilities	3,762	3,831
Total current liabilities	26,456	29,015
Long-term liabilities:		
Promissory notes, net of unamortized debt discount of \$111 and \$1,027	10,498	10,250
Other long-term liabilities	535	546
Total liabilities	37,489	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 September 30, 2007 and June 30, 2007, respectively	146	137
Additional paid-in capital	26,424	25,021
Accumulated deficit	(24,063)	(21,044)
Total shareholders' equity	2,507	4,114
Total liabilities and shareholders' equity	\$ 39,996	\$ 43,925

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

## SMF ENERGY CORPORATION AND SUBSIDIARIES

## CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

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

	<b>Three Months Ended September 30,</b>	
	<b>2007</b>	<b>2006</b>
Petroleum product sales and service revenues	\$ 49,189	\$ 58,644
Petroleum product taxes	6,308	6,984
Total revenues	55,497	65,628
Cost of petroleum product sales and service	46,007	54,522
Petroleum product taxes	6,308	6,984
Total cost of sales	52,315	61,506
Gross profit	3,182	4,122
Selling, general and administrative expenses	3,803	3,650
Operating (loss) income	(621)	472
Interest expense	(778)	(949)
Interest and other income	21	15
Loss on extinguishment of promissory notes	(1,641)	-
Loss before income taxes	(3,019)	