

DGSE COMPANIES INC
Form 10-Q
November 13, 2008

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

Form 10-Q

(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, 2008

or

**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 1-11048

DGSE Companies, Inc.

(Exact name of registrant as specified in its charter)

Nevada

*(State or other jurisdiction of
incorporation or organization)*

88-0097334

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

11311 Reeder Road

Dallas, Texas 75229

(972) 484-3662

*(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)*

NONE

*(Former name, former address and former
fiscal year, if changed since last report)*

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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NOp

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 12, 2008:

Class	Outstanding
Common stock, \$.01 par value per share	9,833,635

TABLE OF CONTENTS

	Page No.	
PART I.	<u>FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	Consolidated Financial Statements.	
	Consolidated Balance Sheets as of September 30, 2008 and December 31, 2007	1
	Consolidated Statements of Operations for the three months ended September 30, 2008 and 2007	2
	Consolidated Statements of Operations for the nine months ended September 30, 2008 and 2007	3
	Consolidated Statements of Cash Flows for the nine months ended September 30, 2008 and 2007	4
	Notes to Consolidated Financial Statements	5
<u>Item 2.</u>	Management's Discussion and Analysis of Financial Condition and Results of Operations.	11
<u>Item 3.</u>	Quantitative and Qualitative Disclosures About Market Risk.	17
<u>Item 4.</u>	Controls and Procedures.	17
PART II.	<u>OTHER INFORMATION</u>	
<u>Item 3.</u>	Legal Proceedings.	18
<u>Item 4.</u>	Submission of Matters to a Vote of Security Holders.	18
<u>Item 5.</u>	Other Information.	18
<u>Item 6.</u>	Exhibits.	19
SIGNATURES		23

*DGSE Companies, Inc. and Subsidiaries***PART I. FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements.****CONSOLIDATED BALANCE SHEETS**

	September 30, 2008 Unaudited	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,934,513	\$ 536,548
Trade receivables	4,364,901	3,792,474
Auction advances	482,391	747,000
Inventories	15,099,533	12,975,782
Prepaid expenses	241,023	459,486
Prepaid federal income tax	—	59,341
Total current assets	22,122,361	18,570,631
Marketable securities – available for sale	20,532	61,769
Property and equipment, net	4,814,086	4,193,869
Deferred income taxes	1,717,131	1,805,205
Goodwill	9,035,380	8,952,181
Intangible assets	2,499,840	2,521,340
Other long-term receivable	385,383	444,383
Other assets	193,703	309,836
	\$ 40,788,416	\$ 36,859,214
LIABILITIES		
Current Liabilities:		
Notes payable	\$ 187,463	\$ 187,467
Current maturities of long-term debt	501,631	501,631
Accounts payable – trade	388,548	1,069,194
Federal income tax payable	199,554	—
Accrued expenses	2,484,957	1,018,003
Customer deposits	867,588	315,437
Total current liabilities	4,629,741	3,091,732
Long-term debt, less current maturities	14,734,553	13,489,901
	19,364,294	16,581,633
STOCKHOLDERS' EQUITY		
Common stock, \$.01 par value; 30,000,000 shares authorized; 9,833,635 and 9,490,357 shares issued and outstanding at the end of each period in 2008 and 2007, respectively	98,337	94,904
Additional paid-in capital	18,503,353	18,473,234
Accumulated other comprehensive loss	(117,264)	(97,288)

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Retained earnings	2,939,696	1,806,731
	21,424,122	20,277,581
	\$ 40,788,416	\$ 36,859,214

The accompanying notes are an integral part of these consolidated financial statements

*DGSE Companies, Inc. and Subsidiaries***CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three months ended September 30,	
	2008	2007
	Unaudited	
Revenue		
Sales	\$ 24,345,861	\$ 16,771,838
Consumer loan service charges	145,320	84,475
	24,491,181	16,856,313
Costs and expenses		
Cost of goods sold	20,664,436	13,891,332
Selling, general and administrative expenses	3,309,030	2,726,610
Depreciation and amortization	88,422	96,584