

DGSE COMPANIES INC
Form 10-Q
August 14, 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 June 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):

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

YES NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 1, 2008:

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

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

	June 30, 2008	December 31, 2007
	Unaudited	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 934,051	\$ 536,548
Trade receivables	5,052,894	3,792,474
Auction advances	1,002,157	747,000
Inventories	15,046,163	12,975,782
Prepaid expenses	713,736	459,486
Prepaid federal income tax	—	59,341
Total current assets	22,749,001	18,570,631
Marketable securities - available for sale	20,532	61,769
Property and equipment, net	4,645,462	4,193,869
Deferred income taxes	1,717,131	1,805,205
Goodwill	9,013,880	8,952,181
Intangible assets	2,521,340	2,521,340
Other long-term receivable	465,971	444,383
Other assets	228,247	309,836
	\$ 41,361,564	\$ 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	3,657,565	1,069,194
Federal income tax payable	195,469	—
Accrued expenses	444,669	1,018,003
Customer deposits	1,191,634	315,437
Total current liabilities	6,178,431	3,091,732
Long-term debt, less current maturities	13,924,797	13,489,901
	20,103,228	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)
Retained earnings	2,773,910	1,806,731

21,258,336 20,277,581

\$ 41,361,564 \$ 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	
	June 30,	
	2008	2007
	Unaudited	
Revenue		
Sales	\$ 26,244,397	\$ 12,351,892
Consumer loan service charges	130,849	61,410
Management fees	—	100,000
	26,375,246	12,513,302
Costs and expenses		
Cost of goods sold	22,211,744	10,232,710