

WORLD ACCEPTANCE CORP
Form 10-Q
November 03, 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 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: 0-19599

WORLD ACCEPTANCE CORPORATION
(Exact name of registrant as specified in its charter.)

South Carolina	57-0425114
(State or other	(I.R.S. Employer
jurisdiction of	Identification
incorporation or	Number)
organization)	

108 Frederick Street
Greenville, South Carolina 29607
(Address of principal executive offices)
(Zip Code)

(864) 298-9800
(registrant'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 shorter period than 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

Edgar Filing: WORLD ACCEPTANCE CORP - Form 10-Q

Non-accelerated filer (Do not check if a smaller reporting company) 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

The number of outstanding shares of the issuer's no par value common stock as of November 3, 2008 was 16,198,143

**WORLD ACCEPTANCE CORPORATION
AND SUBSIDIARIES**

TABLE OF CONTENTS

		Page
PART I - FINANCIAL INFORMATION		
Item 1.	Consolidated Financial Statements (unaudited):	
	Consolidated Balance Sheets as of September 30, 2008 and March 31, 2008	3
	Consolidated Statements of Operations for the three and six months ended September 30, 2008 and 2007	4
	Consolidated Statements of Shareholders' Equity and Comprehensive Income (loss) for the year ended March 31, 2008 and the six months ended September 30, 2008	5
	Consolidated Statements of Cash Flows for the six months ended September 30, 2008 and 2007	6
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	20
Item 4.	Controls and Procedures	21
PART II - OTHER INFORMATION		
Item 1.	Legal Proceedings	22
Item 1A.	Risk Factors	22
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	22
Item 4.	Submission of Matters of a Vote of Security Holders	22
Item 6.	Exhibits	23
Signatures		
		25

**WORLD ACCEPTANCE CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	September 30, 2008	March 31, 2008
ASSETS		
Cash and cash equivalents	\$ 8,070,083	7,589,575
Gross loans receivable	667,178,690	599,508,969
Less:		
Unearned interest and fees	(175,250,949)	(154,418,105)
Allowance for loan losses	(38,120,647)	(33,526,147)
Loans receivable, net	453,807,094	411,564,717
Property and equipment, net	22,969,529	18,654,010
Deferred income taxes	18,387,390	22,134,066
Other assets, net	9,795,233	10,818,057
Goodwill	5,384,021	5,352,675
Intangible assets, net	9,927,166	9,997,327
Total assets	\$ 528,340,516	486,110,427
LIABILITIES & SHAREHOLDERS' EQUITY		
Liabilities:		
Senior notes payable	146,700,000	104,500,000
Convertible senior subordinated notes payable	110,000,000	110,000,000
Other notes payable	-	400,000
Income taxes payable	238,987	18,039,242
Accounts payable and accrued expenses	16,406,308	18,865,913
Total liabilities	273,345,295	251,805,155
Shareholders' equity:		
Preferred stock, no par value		
Authorized 5,000,000 shares, no shares issued or outstanding	-	-
Common stock, no par value		
Authorized 95,000,000 shares; issued and outstanding 16,195,943 and 16,278,684 shares at September 30, 2008 and March 31, 2008, respectively	-	-
Additional paid-in capital	1,092,398	1,323,001
Retained earnings	254,303,634	232,812,768
Accumulated other comprehensive income (loss)	(400,811)	169,503
Total shareholders' equity	254,995,221	234,305,272
Commitments and contingencies	\$ 528,340,516	486,110,427

See accompanying notes to consolidated financial statements.

**WORLD ACCEPTANCE CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)**

	Three months ended September 30,		Six months ended September 30,	
	2008	2007	2008	2007
Revenues:				
Interest and fee income	\$ 80,053,547	69,706,221	156,403,033	135,095,543
Insurance and other income	11,667,020	10,492,052	23,738,565	21,491,826
Total revenues	91,720,567	80,198,273	180,141,598	156,587,369
Expenses:				
Provision for loan losses	23,307,132	18,415,731	41,164,045	32,632,241
General and administrative expenses:				
Personnel	31,199,851	27,891,092	64,515,626	56,747,355
Occupancy and equipment	6,477,994	5,367,967	12,531,644	10,301,057
Data processing	580,950	639,703	1,170,397	1,189,508
Advertising	2,531,623	2,278,500	5,241,588	4,729,889
Amortization of intangible assets	623,200	638,307	1,223,547	1,252,994
Other	6,965,683	5,115,966	12,486,354	9,900,802
	48,379,301	41,931,535	97,169,156	84,121,605
Interest expense	2,748,643	2,931,609	5,228,804	5,267,996
Total expenses	74,435,076	63,278,875	143,562,005	122,021,842
Income before income taxes	17,285,491	16,919,398	36,579,593	34,565,527
Income taxes	6,622,232	6,454,021	13,864,594	13,249,142
Net income	\$ 10,663,259	10,465,377	22,714,999	21,316,385
Net income per common share:				
Basic	\$ 0.66	0.61	1.40	1.23
Diluted	\$ 0.65	0.60	1.37	1.20
Weighted average common shares outstanding:				
Basic	16,213,658	17,199,072	16,242,334	17,354,650
Diluted	16,492,710	17,523,369	16,534,674	17,727,936

See accompanying notes to consolidated financial statements.

**WORLD ACCEPTANCE CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(Unaudited)**

	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss),	Total Shareholders' Equity	Total Comprehensive Income
Balances at March 31, 2007	\$ 5,770,665	209,769,808	(47,826)	215,492,647	
Proceeds from exercise of stock options (116,282 shares), including tax benefits of \$1,110,598	2,724,938	-	-	2,724,938	
Common stock repurchases (1,375,100 shares)	(12,458,946)	(29,403,198)	-	(41,862,144)	
Issuance of restricted common stock under stock option plan (44,981 shares)	1,348,419	-	-	1,348,419	
Stock option expense	3,937,925	-	-	3,937,925	
Cumulative effect of FIN 48	-	(550,000)	-	(550,000)	
Other comprehensive income	-	-	217,329	217,329	217,329
Net income	-	52,996,158	-	52,996,158	52,996,158
Total comprehensive income	-	-	-	-	53,213,487
Balances at March 31, 2008	\$ 1,323,001	232,812,768	169,503	234,305,272	
Proceeds from exercise of stock options (88,283 shares), including tax benefits of \$708,990	2,036,425	-	-	2,036,425	
Common stock repurchase (182,700 shares)	(4,935,070)	(1,224,133)	-	(6,159,203)	
Issuance of restricted common stock under stock option plan					