

MICROFINANCIAL INC (MFI)

8-K

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported): April 18, 2012

MICROFINANCIAL INCORPORATED

(Exact name of registrant as specified in its charter)

MASSACHUSETTS

(State or other jurisdiction of incorporation)

1-14771

(Commission file number)

04-2962824

(IRS Employer Identification Number)

16 New England Executive Park, Suite 200, Burlington MA 01803

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 781-994-4800

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On April 18, 2012, the Registrant announced its results of operations for its first quarter ended March 31, 2012. Pursuant to Form 8-K, General Instruction F, the Registrant hereby incorporates by reference the press release attached hereto as Exhibit 99.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit</u>	<u>Exhibit Title</u>
Exhibit 99	Press Release dated April 18, 2012

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROFINANCIAL INCORPORATED

Registrant

By: /s/ James R. Jackson, Jr.

James R. Jackson, Jr.

Vice President and Chief Financial Officer

Dated: April 19, 2012



April 18, 2012
4:01 pm

Contact:
Dave Mossberg
Three Part Advisors, LLC
Tel: 817-310-0051

**MICROFINANCIAL INCORPORATED ANNOUNCES
FIRST QUARTER 2012 RESULTS**

Burlington, MA — April 18, 2012 — MicroFinancial Incorporated (NASDAQ:MFI) a financial intermediary specializing in vendor based leasing and finance programs for microticket transactions, today announced financial results for the first quarter ended March 31, 2012.

Quarterly Highlights:

- Realized net income of \$2.0 million or \$0.14 per diluted share on 14,600,775 shares;
- Increased cash received from customers by 12.9% to \$29.1 million, representing \$1.99 per diluted share as compared to the first quarter of 2011;
- Increased total revenues by 6.7% to \$14.2 million as compared to the same period last year;
- Increased lease originations by 17.8% to \$21.6 million as compared to the same period last year;
- Increased lease applications by 21.0% to \$104.4 million and increased approved lease applications by 15.8% to \$58.3 million as compared to the same period last year; and
- Paid a quarterly dividend of \$0.9 million during the first quarter, representing \$0.06 per share.

First Quarter Results:

Net income for the first quarter of 2012 was \$2.0 million, or \$0.14 per diluted share on 14,600,775 shares. Net income in the first quarter of 2011 was also \$2.0 million or \$0.14 per diluted share based upon 14,533,102 shares.

Revenue for the quarter ended March 31, 2012 increased 6.7% to \$14.2 million compared to \$13.3 million in the first quarter of 2011 due primarily to increases in leasing revenues associated with our new lease originations and an increase in rental income. Income on leases was \$9.6 million, an increase of \$0.5 million from the same period last year, and rental income was \$2.3 million, an increase of \$0.3 million from the same period last year. Other revenue components contributed \$2.3 million, an increase of \$0.1 million from the same period last year.

Total operating expenses for the quarter increased 8.4% to \$10.9 million from \$10.0 million in the first quarter of 2011. Selling, general and administrative expenses increased \$0.4 million to \$4.4 million from \$4.0 million for the same period last year primarily due to increases in

personnel related expenses and legal fees. The first quarter 2012 provision for credit losses increased slightly to \$4.9 million as compared to \$4.8 million during the first quarter of 2011 primarily due to an increase in the first quarter net charge-off levels. First quarter 2012 net charge-offs increased to \$5.2 million from \$5.0 million in the comparable period of 2011 while recoveries remained flat from the same period last year at \$1.3 million. Depreciation and amortization expense for the first quarter of 2012 increased \$0.3 million to \$1.0 million as compared to the first quarter of 2011 due primarily to an increase in the number of TimePayment contracts coming to maturity and converting to rentals.

Net cash provided by operations in the first quarter of 2012 increased 8.3% to \$22.3 million versus \$20.6 million for the same period last year. New originations for the quarter increased 17.8% to \$21.6 million as compared to \$18.4 million in the first quarter of 2011. Headcount at March 31, 2012 was 141 as compared to 119 for the same period last year.

Richard Latour, President and Chief Executive Officer said, "We are very pleased with our overall financial performance for the quarter and we are encouraged by the growth in our application volume and lease originations. Our net investment in leases at the end of the first quarter was approximately \$151 million, an increase of approximately 8% over the same period in 2011. Despite this growth, we have continued to maintain a conservative leverage ratio at less than 1.1 times debt to shareholder equity."

MICROFINANCIAL INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	March 31, 2012	December 31, 2011
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$ 2,487	\$ 2,452
Restricted cash	369	382
Net investment in leases:		
Receivables due in installments	202,640	200,499
Estimated residual value	23,528	23,287
Initial direct costs	1,519	1,476
Less:		
Advance lease payments and deposits	(3,394)	(3,530)
Unearned income	(60,559)	(59,946)
Allowance for credit losses	(12,857)	(13,180)
Net investment in leases	150,877	148,606
Investment in rental contracts, net	943	898
Property and equipment, net	1,855	1,911
Other assets	943	1,093
Total assets	<u>\$ 157,474</u>	<u>\$ 155,342</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
	March 31, 2012	December 31, 2011
Revolving line of credit	\$ 62,981	\$ 62,740
Capital lease obligation	—	1
Accounts payable	2,425	2,546
Dividends payable	22	19
Other liabilities	2,648	2,220
Deferred income taxes	12,273	12,093
Total liabilities	<u>80,349</u>	<u>79,619</u>
Stockholders' equity:		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; no shares issued at March 31, 2012 and December 31, 2011	—	—
Common stock, \$.01 par value; 25,000,000 shares authorized; 14,297,524 and 14,257,324 shares issued at March 31, 2012 and December 31, 2011, respectively	143	143
Additional paid-in capital	46,982	46,727
Retained earnings	30,000	28,853
Total stockholders' equity	<u>77,125</u>	<u>75,723</u>
Total liabilities and stockholders' equity	<u>\$ 157,474</u>	<u>\$ 155,342</u>

MICROFINANCIAL INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2012	2011
Revenues:		
Income on financing leases	\$ 9,635	\$ 9,101
Rental income	2,317	2,006
Income on service contracts	85	108
Loss and damage waiver fees	1,287	1,201
Service fees and other	920	932
Total revenues	14,244	13,348
Expenses:		
Selling general and administrative	4,356	3,953
Provision for credit losses	4,896	4,752
Depreciation and amortization	1,008	681
Interest	633	663
Total expenses	10,893	10,049
Income before provision for income taxes	3,351	3,299
Provision for income taxes	1,340	1,270
Net income	\$ 2,011	\$ 2,029
Net income per common share:		
Basic	\$ 0.14	\$ 0.14
Diluted	\$ 0.14	\$ 0.14
Weighted-average shares:		
Basic	14,284,087	14,246,750
Diluted	14,600,775	14,533,102

About The Company

MicroFinancial Inc. (NASDAQ:MFI), headquartered in Burlington, MA, is a financial intermediary specializing in microticket leasing and financing. We have been in operation since 1986.

Statements in this release that are not historical facts, including statements about future dividends or growth plans, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, words such as "believes," "anticipates," "expects," "views," "will" and similar expressions are intended to identify forward-looking statements. We caution that a number of important factors could cause our actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. Readers should not place undue reliance on forward-looking statements, which reflect our views only as of the date hereof. We undertake no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. We cannot assure that

we will be able to anticipate or respond timely to changes which could adversely affect our operating results. Results of operations in any past period should not be considered indicative of results to be expected in future periods. Fluctuations in operating results or other factors may result in fluctuations in the price of our common stock. For a more complete description of the prominent risks and uncertainties inherent in our business, see the risk factors described in documents that we file from time to time with the Securities and Exchange Commission.