

TRANSMONTAIGNE INC
Form 10-Q
November 09, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 2005

OR

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

Commission File Number 001-11763

TRANSMONTAIGNE INC.

Delaware

(State or other jurisdiction
of incorporation or organization)

06-1052062

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

**1670 Broadway
Suite 3100
Denver, Colorado 80202**

(Address, including zip code, of principal executive offices)

(303) 626-8200

(Telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 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 report), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2) Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2) Yes No

As of October 24, 2005, there were 49,724,985 shares of the Registrant's Common Stock outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains certain forward-looking statements and information relating to TransMontaigne Inc., including the following:

- i. certain statements, including possible or assumed future results of operations, in Management's Discussion and Analysis of Financial Condition and Results of Operations;
- ii. any statements contained herein or therein regarding the prospects for our business or any of our services;
- iii. any statements preceded by, followed by or that include the words may, seeks, believes, expects, anticipates, intends, continues, estimates, plans, targets, predicts, attempts, is scheduled, or similar expressions; and
- iv. other statements contained herein or therein regarding matters that are not historical facts.

Our business and results of operations are subject to risks and uncertainties, many of which are beyond our ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date thereof.

The following risk factors, discussed in more detail under the heading Risk Factors in our Annual Report on Form 10-K for the year ended June 30, 2005, filed on September 13, 2005, are important factors that could cause actual results to differ materially from our expectations and may adversely affect our business and results of operations, include, but are not limited to:

- the availability of adequate supplies of and demand for petroleum products in the areas in which we operate;
- the effects of competition and our ability to renew customer contracts;
- the impact of petroleum product price fluctuations on our sales margins and the effect of changes in commodity prices on our liquidity;
- the success of our risk management activities;
- volumes of refined petroleum product throughput or stored in our terminal facilities;
- TransMontaigne Partners' inability to pay the minimum quarterly distribution on the subordinated units that we own;
- continued creditworthiness of, and performance by, contract counterparties;
- the tax and other effects of the exercise of TransMontaigne Partners' options to purchase our fixed assets;
- operational hazards and availability and cost of insurance on our assets and operations;
- the impact of any failure of our information technology systems;
- the availability of acquisition opportunities and successful integration and future performance of acquired assets;
- the threat of terrorist attacks or war;
- the impact of current and future laws and governmental regulations;

- the failure of TransMontaigne Partners to avoid federal income taxation as a corporation or the imposition of state level taxation;

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- liability for environmental claims;
- the impact of the departure of any key officers; and
- general economic, market or business conditions.

We do not intend to update these forward-looking statements except as required by law.

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Part I. Financial Information

ITEM 1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The interim unaudited consolidated financial statements of TransMontaigne Inc. as of and for the three months ended September 30, 2005, are included herein beginning on the following page. The accompanying unaudited interim consolidated financial statements should be read in conjunction with our annual consolidated financial statements and related notes for the year ended June 30, 2005, together with our discussion and analysis of financial condition and results of operations, included in our Annual Report on Form 10-K filed on September 13, 2005.

TransMontaigne Inc. is a holding company with the following active subsidiaries during the three months ended September 30, 2005.

- TransMontaigne Product Services Inc. (TPSI)
- TransMontaigne Services Inc.
- TransMontaigne Transport Inc.
- Coastal Fuels Marketing, Inc.
- Coastal Tug and Barge, Inc.
- TransMontaigne Partners L.P.

We do not have off-balance-sheet arrangements (other than operating leases) or special-purpose entities.

TransMontaigne Inc. and subsidiaries
Consolidated balance sheets
(In thousands)

	September 30, 2005	June 30, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,168	\$ 29,721
Restricted cash held by commodity broker	17,700	10,436
Trade accounts receivable, net	452,689	381,771
Inventories discretionary volumes	331,309	274,774
Unrealized gains on derivative contracts	39,068	7,620
Deferred tax assets	18,704	18,401
Prepaid expenses and other	5,814	6,767
	870,452	729,490
Property, plant and equipment, net	359,270	344,532
Product linefill and tank bottom volumes	24,702	24,325
Unrealized gains on derivative contracts	2	
Investment in Lion Oil Company	10,131	10,131
Deferred debt issuance costs, net	9,253	9,778
Other assets, net	42,874	23,725
	\$ 1,316,684	\$ 1,141,981
LIABILITIES, PREFERRED STOCK, AND COMMON STOCKHOLDERS EQUITY		
Current liabilities:		
Commodity margin loan	\$ 10,000	\$
Working capital credit facility	60,500	
Trade accounts payable	227,230	212,040
Income taxes payable	8,427	29,801
Unrealized losses on derivative contracts	100,203	47,215
Inventory due to others under exchange agreements	59,544	16,429
Excise taxes payable	59,420	79,597
Other accrued liabilities	27,024	20,791
Deferred revenue supply chain management services	2,731	3,981
	555,079	409,854
Other liabilities:		
Long-term debt	231,000	228,307
Deferred tax liabilities	50,543	46,413
Unrealized losses on derivative contracts	225	234
Total liabilities	836,847	684,808
Non-controlling interests in TransMontaigne Partners	82,601	81,440
Series B redeemable convertible preferred stock	20,826	49,249
Common stockholders equity:		
Common stock		