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FINANCIAL FEDERAL CORP
Form 10-Q
June 13, 2002

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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 Quarter Ended April 30, 2002

Commission file number 1-12006

FINANCIAL FEDERAL CORPORATION
(Exact name of registrant as specified in its charter)

Nevada
(State of incorporation)

88-0244792
(I.R.S. Employer Identification Number)

733 Third Avenue, New York, NY 10017
(Address of principal executive offices)
(Zip code)

(212) 599-8000
(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 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

At June 3, 2002, 16,769,774 shares of Registrant's common stock, \$.50 par value, were outstanding.

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FINANCIAL FEDERAL CORPORATION
AND SUBSIDIARIES

Quarterly Report on Form 10-Q
for the quarter ended April 30, 2002

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Effective June 6 2002, the Board of Directors of Financial Federal Corporation ("the Company") dismissed Arthur Andersen LLP ("Andersen") as the Company's independent auditors and appointed KPMG LLP as the Company's new independent auditors. The financial statements included in Item 1 herein have been reviewed by Andersen. Historically, it had not been the practice of the Company to obtain or Andersen to issue accountants' review reports in connection with such reviews. Accordingly, an accountants' review report was not issued at the time of completion of the aforementioned review. The audit team that performed the review is no longer employed by Andersen and, therefore, it is not possible for the Company to obtain such report.

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	April 30, 2002 *	Jul
	-----	-----
ASSETS		
Finance receivables	\$1,421,171	\$1,32
Allowance for possible losses	(23,582)	(2
	-----	-----
Finance receivables - net	1,397,589	1,29
Cash	9,183	1
Other assets	3,978	
	-----	-----
TOTAL ASSETS	\$1,410,750	\$1,31
	=====	=====
LIABILITIES		
Senior debt:		
Long-term	\$602,879	\$70
Short-term	399,266	22
Subordinated debt	93,478	9
Accrued interest, taxes and other liabilities	48,360	5
Deferred income taxes	29,887	2
	-----	-----
Total liabilities	1,173,870	1,10
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock - \$1 par value, authorized 5,000,000 shares, none issued		
Common stock - \$.50 par value, authorized 100,000,000 shares; shares issued and outstanding (net of 136,961 treasury shares): 16,757,174 at April 30, 2002 and 16,540,329 at July 31, 2001	8,379	
Additional paid-in capital	65,821	6
Retained earnings	162,680	13
	-----	-----
Total stockholders' equity	236,880	20
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,410,750	\$1,31
	=====	=====

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FINANCIAL FEDERAL CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
AND RETAINED EARNINGS *
(Dollars in Thousands, Except Per Share Amounts)

	Three Months Ended April 30,		Nine Months Apri	
	-----	-----	-----	-----
	2002	2001	2002	2001
	-----	-----	-----	-----
Finance income	\$34,188	\$34,825	\$103,410	\$10

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Interest expense	11,852	15,886	38,485	4
	-----	-----	-----	---
Net finance income before provision for possible losses on finance receivables	22,336	18,939	64,925	5
Provision for possible losses on finance receivables	1,400	1,300	4,025	
	-----	-----	-----	---
Net finance income	20,936	17,639	60,900	5
Salaries and other expenses	5,414	4,517	15,609	1
	-----	-----	-----	---
Earnings before income taxes	15,522	13,122	45,291	3
Provision for income taxes	6,116	5,112	17,831	1
	-----	-----	-----	---
NET EARNINGS	9,406	8,010	27,460	2
Retained earnings - beginning of period	153,274	118,606	135,220	10
Acquisition of treasury shares	--	--	--	(
	-----	-----	-----	---
RETAINED EARNINGS - END OF PERIOD	\$162,680	\$126,616	\$162,680	\$12
	=====	=====	=====	===
EARNINGS PER COMMON SHARE:				
Diluted	\$0.50	\$0.44	\$1.48	
	=====	=====	=====	---
Basic	\$0.56	\$0.49	\$1.65	
	=====	=====	=====	---

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FINANCIAL FEDERAL CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS *
(Dollars in Thousands)

Nine Months Ended April 30,		2002	
	-----	-----	---
Cash flows from operating activities:			
Net earnings		\$27,460	\$2
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Provision for possible losses on finance receivables		4,025	
Depreciation and amortization		9,854	
Deferred income taxes		800	
Decrease (increase) in other assets		145	
Decrease in accrued interest, taxes and other liabilities		(4,722)	(
		-----	---
Net cash provided by operating activities		37,562	3
		-----	---
Cash flows from investing activities:			
Finance receivables:			
Originated		(604,587)	(53
Collected		493,517	38
Other		(323)	

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Net cash used in investing activities	(111,393)	(15)
Cash flows from financing activities:		
Commercial paper:		
Maturities 90 days or less (net)	61,402	(19)
Maturities greater than 90 days:		
Proceeds	43,712	12
Repayments	(43,232)	(11)
Bank borrowings - net proceeds (repayments)	(38,060)	22
Proceeds from asset securitization financing	100,000	
Proceeds from senior term notes	5,000	12
Repayments of senior term notes	(55,000)	(3)
Variable rate senior notes - net repayments	(3,275)	(
Proceeds from exercise of stock options	2,079	
Proceeds from exercise of warrants	--	
Other	137	
Net cash provided by financing activities	72,763	12
NET (DECREASE) INCREASE IN CASH	(1,068)	
Cash - beginning of period	10,251	
CASH - END OF PERIOD		