

MARINEMAX INC  
Form 10-Q  
May 04, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012.**

For the quarterly period ended March 31, 2012

Commission File Number. 1-14173

**MARINEMAX, INC.**

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**59-3496957**  
(I.R.S. Employer  
Identification Number)

**18167 U.S. Highway 19 North, Suite 300**

**Clearwater, Florida**  
(Address of Principal Executive Offices)

**33764**  
(ZIP Code)

**727-531-1700**  
(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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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 definition 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

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 registrant's Common Stock on April 30, 2012 was 23,524,158.

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MARINEMAX, INC. AND SUBSIDIARIES

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**Table of Contents****PART I FINANCIAL INFORMATION****ITEM 1. Financial Statements****MARINEMAX, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Operations**

(Amounts in thousands, except share and per share data)

(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2011	2012	2011	2012
Revenue	\$ 115,756	\$ 143,992	\$ 207,946	\$ 235,779
Cost of sales	88,961	109,614	157,569	175,827
Gross profit	26,795	34,378	50,377	59,952
Selling, general, and administrative expenses	30,446	30,994	57,887	59,564
(Loss) income from operations	(3,651)	3,384	(7,510)	388
Interest expense	836	1,203	1,679	2,420
(Loss) income before income tax benefit	(4,487)	2,181	(9,189)	(2,032)
Income tax benefit		116		116
Net (loss) income	\$ (4,487)	\$ 2,297	\$ (9,189)	\$ (1,916)
Basic net (loss) income per common share	\$ (0.20)	\$ 0.10	\$ (0.41)	\$ (0.08)
Diluted net (loss) income per common share	\$ (0.20)	\$ 0.10	\$ (0.41)	\$ (0.08)
Weighted average number of common shares used in computing net (loss) income per common share:				
Basic	22,329,156	22,652,294	22,283,970	22,622,196
Diluted	22,329,156	23,253,524	22,283,970	22,622,196

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****MARINEMAX, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

(Amounts in thousands, except share and per share data)

	September 30, 2011	March 31, 2012 (Unaudited)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 19,386	\$ 29,042
Accounts receivable, net	16,345	23,010
Inventories, net	219,632	206,212
Prepaid expenses and other current assets	4,588	3,296
<b>Total current assets</b>	<b>259,951</b>	<b>261,560</b>
Property and equipment, net	102,107	101,415
Other long-term assets	1,071	782
<b>Total assets</b>	<b>\$ 363,129</b>	<b>\$ 363,757</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 8,642	\$ 8,924
Customer deposits	9,085	10,477
Accrued expenses	25,678	24,643
Short-term borrowings	118,828	120,092
<b>Total current liabilities</b>	<b>162,233</b>	<b>164,136</b>
Long-term liabilities	5,896	4,307
<b>Total liabilities</b>	<b>168,129</b>	<b>168,443</b>
<b>STOCKHOLDERS EQUITY:</b>		
Preferred stock, \$.001 par value, 1,000,000 shares authorized, none issued or outstanding at September 30, 2011 and March 31, 2012		
Common stock, \$.001 par value, 40,000,000 shares authorized, 23,303,100 and 23,453,414 shares issued and 22,512,200 and 22,662,514 shares outstanding at September 30, 2011 and March 31, 2012, respectively	23	23
Additional paid-in capital	211,041	213,271
Accumulated deficit	(254)	(2,170)
Treasury stock, at cost, 790,900 shares held at September 30, 2011 and March 31, 2012	(15,810)	(15,810)
<b>Total stockholders equity</b>	<b>195,000</b>	<b>195,314</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 363,129</b>	<b>\$ 363,757</b>

See accompanying notes to condensed consolidated financial statements.

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**MARINEMAX, INC. AND SUBSIDIARIES**

**Condensed Consolidated Statements of Stockholders Equity**

(Amounts in thousands, except share data)

(Unaudited)

	Common Stock		Additional	Accumulated	Treasury	Total
	Shares	Amount	Paid-in	Deficit	Stock	Stockholders
			Capital			Equity
BALANCE, September 30, 2011	23,303,100	\$ 23	\$ 211,041	\$ (254)	\$ (15,810)	\$ 195,000
Net loss				(1,916)		(1,916)
Shares issued pursuant to employee stock purchase plan	51,709		284			284
Shares issued upon vesting of equity awards, net of tax withholding	45,084		(85)			(85)
Shares issued upon exercise of stock options	41,818		174			174
Stock-based compensation	11,703		1,857			1,857
BALANCE, March 31, 2012	23,453,414	\$ 23	\$ 213,271	\$ (2,170)	\$ (15,810)	\$ 195,314

See accompanying notes to condensed consolidated financial statements.

**Table of Contents****MARINEMAX, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Cash Flows**

(Amounts in thousands)

(Unaudited)

	<b>Six Months Ended March 31,</b>	
	<b>2011</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (9,189)	\$ (1,916)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,321	3,168
Gain on sale of property and equipment	(5)	(64)
Stock-based compensation expense, net	1,908	1,857
Decrease (increase) in		
Accounts receivable, net	2,787	(6,665)
Inventories, net	812	13,420
Prepaid expenses and other assets	1,616	1,547
Increase (decrease) in		
Accounts payable	4,980	282
Customer deposits	4,144	1,392
Accrued expenses and long-term liabilities	2,231	(2,624)
Net cash provided by operating activities	12,605	10,397
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(2,319)	(2,625)
Net cash used to acquire inventory and equipment of a business	(2,258)	
Proceeds from sale of property and equipment	146	247
Net cash used in investing activities	(4,431)	(2,378)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net (repayments) borrowings on short-term borrowings	(3,813)	1,264
Net proceeds from issuance of common stock under incentive compensation and employee purchase plans	536	373
Net cash (used in) provided by financing activities	(3,277)	1,637
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,897</b>	<b>9,656</b>
CASH AND CASH EQUIVALENTS, beginning of period	16,539	19,386
CASH AND CASH EQUIVALENTS, end of period	\$ 21,436	\$ 29,042
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid for:		
Interest	\$ 1,585	\$ 2,335
Income taxes	\$	\$

See accompanying notes to condensed consolidated financial statements.





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**MARINEMAX, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**1. COMPANY BACKGROUND:**

We are the largest recreational boat retailer in the United States. We engage primarily in the retail sale, brokerage, and service of new and used boats, motors, trailers, marine parts and accessories and offer slip and storage accommodations in certain locations. In addition, we arrange related boat financing, insurance, and extended service contracts. We recently implemented programs to increase substantially our sale over the Internet of used boats and a wide range of boating parts, accessories, supplies, and products; the sale at various offsite locations of used boats, boating parts, and accessories, as well as the offer of finance and insurance, or F&I, products; and the charter of power and sailing yachts. None of these recently implemented programs have had a material effect on our condensed consolidated financial statements. As of March 31, 2012, we operated through 54 retail locations in 19 states, consisting of Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Kansas, Maryland, Minnesota, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Rhode Island, Tennessee, and Texas. Our MarineMax Vacations operations maintain a facility in Tortola, British Virgin Islands.

We are the nation's largest retailer of Sea Ray, Boston Whaler, Bayliner, Meridian, Cabo, and Hatteras recreational boats and yachts, all of which are manufactured by Brunswick Corporation ( Brunswick ). Sales of new Brunswick boats accounted for approximately 48% of our revenue in fiscal 2011. Brunswick is the world's largest manufacturer of marine products and marine engines. We believe we represented in excess of 7% of all Brunswick marine sales, including approximately 41% of its Sea Ray boat sales, during our 2011 fiscal year.

We have dealership agreements with Sea Ray, Boston Whaler, Bayliner, Cabo, Hatteras, Meridian, and Mercury Marine, all subsidiaries or divisions of Brunswick. We also have dealer agreements for Italy-based Azimut-Benetti Group's product line, Azimut Yachts. These agreements allow us to purchase, stock, sell, and service these manufacturers' boats and products. These agreements also allow us to use these manufacturers' names, trade symbols, and intellectual properties in our operations.

We are a party to a multi-year dealer agreement with Brunswick covering Sea Ray products that appoints us as the exclusive dealer of Sea Ray boats in our geographic markets. We are the exclusive dealer for Boston Whaler and Bayliner through multi-year dealer agreements for many of our geographic markets. We are a party to a multi-year dealer agreement with Hatteras Yachts that gives us the exclusive right to sell Hatteras Yachts throughout the states of Florida (excluding the Florida panhandle), New Jersey, New York, and Texas. We are also the exclusive dealer for Cabo Yachts throughout the states of Florida, New Jersey, and New York through a multi-year dealer agreement. In addition, we are the exclusive dealer for Azimut Yachts for the Northeast United States from Virginia to Maine and for the states of California, Florida, Georgia, North Carolina, and South Carolina through a multi-year dealer agreement. We believe non-Brunswick brands offer a migration for our existing customer base or fill a void in our product offerings, and accordingly, do not compete with the business generated from our other prominent brands.

As is typical in the industry, we deal with manufacturers, other than Sea Ray, Boston Whaler, Bayliner, Cabo, Hatteras, Meridian, and Azimut Yachts, under renewable annual dealer agreements, each of which gives us the right to sell various makes and models of boats within a given geographic region. Any change or termination of these agreements, or the agreements discussed above, for any reason, or changes in competitive, regulatory, or marketing practices, including rebate or incentive programs, could adversely affect our results of operations. Although there are a limited number of manufacturers of the type of boats and products that we sell, we believe that adequate alternative sources would be available to replace any manufacturer other than Sea Ray as a product source. These alternative sources may not be available at the time of any interruption, and alternative products may not be available at comparable terms, which could affect operating results adversely.

General economic conditions and consumer spending patterns can negatively impact our operating results. Unfavorable local, regional, national, or global economic developments or uncertainties regarding future economic prospects could reduce consumer spending in the markets we serve and adversely affect our business. Economic conditions in areas in which we operate dealerships, particularly Florida in which we generated 45%, 54%, and 50% of our revenue during fiscal 2009, 2010, and 2011, respectively, can have a major impact on our operations. Local influences, such as corporate downsizing, military base closings, inclement weather, environmental conditions, and specific events, such as the BP oil spill in the Gulf of Mexico, also could adversely affect our operations in certain markets.

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In an economic downturn, consumer discretionary spending levels generally decline, at times resulting in disproportionately large reductions in the sale of luxury goods. Consumer spending on luxury goods also may decline as a result of lower consumer confidence levels, even if prevailing economic conditions are favorable. Although we have expanded our operations during periods of stagnant or modestly declining industry trends, the cyclical nature of the recreational boating industry or the lack of industry growth may adversely affect our business, financial condition, and results of operations. Any period of adverse economic conditions or low consumer confidence has a negative effect on our business.

Lower consumer spending resulting from a downturn in the housing market and other economic factors adversely affected our business in fiscal 2007 and continued weakness in consumer spending resulting from substantial weakness in the financial markets and depressed economic conditions had a very substantial negative effect on our business in fiscal 2008, 2009, 2010, 2011, and to date in fiscal 2012. These conditions caused us to defer our acquisition program, delay new store openings, reduce our inventory purchases, engage in inventory reduction efforts, close a number of our retail locations, reduce our headcount, and amend and replace our credit facility. Acquisitions and new store openings remain important strategies to our company, and we plan to resume our growth through these strategies when more normal economic conditions return. However, we cannot predict the length or severity of these unfavorable economic or financial conditions or the extent to which they will continue to adversely affect our operating results nor can we predict the effectiveness of the measures we have taken to address this environment or whether additional measures will be necessary.

**2. BASIS OF PRESENTATION:**

These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information, the instructions to Quarterly Report on Form 10-Q, and Rule 10-01 of Regulation S-X and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended September 30, 2011. Accordingly, these unaudited condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. All adjustments, consisting of only normal recurring adjustments considered necessary for fair presentation, have been reflected in these unaudited condensed consolidated financial statements. As of March 31, 2012, our financial instruments consisted of cash and cash equivalents, accounts receivable, accounts payable, customer deposits and short-term borrowings. The carrying amounts of our financial instruments reported on the balance sheet at March 31, 2012 approximate fair value due either to length to maturity or existence of variable interest rates, which approximate prevailing market rates. The operating results for the three and six months ended March 31, 2012 are not necessarily indicative of the results that may be expected in future periods.

The preparation of unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. The estimates made by us in the accompanying unaudited condensed consolidated financial statements include valuation allowances, valuation of long-lived assets, and valuation of accruals. Actual results could differ from those estimates.

Unless the context otherwise requires, all references to MarineMax mean MarineMax, Inc. prior to its acquisition of five previously independent recreational boat dealers in March 1998 (including their related real estate companies) and all references to the Company, our company, we, us, and our mean, as a combined company, MarineMax, Inc. and the 21 recreational boat dealers, two boat brokerage operations, and two full-service yacht repair operations acquired to date (the acquired dealers, and together with the brokerage and repair operations, operating subsidiaries or the acquired companies ).

The unaudited condensed consolidated financial statements include our accounts and the accounts of our subsidiaries, all of which are wholly owned. All significant intercompany transactions and accounts have been eliminated.

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**3. REVENUE RECOGNITION**

We recognize revenue from boat, motor, and trailer sales, and parts and service operations at the time the boat, motor, trailer, or part is delivered to or accepted by the customer or the service is completed. We recognize deferred revenue from service operations and slip and storage services on a straight-line basis over the term of the contract or when service is completed. We recognize commissions earned from a brokerage sale at the time the related brokerage transaction closes. We recognize commissions earned by us for placing notes with financial institutions in connection with customer boat financing when we recognize the related boat sales. We recognize marketing fees earned on credit life, accident, disability, gap, and hull insurance products sold by third-party insurance companies at the later of customer acceptance of the insurance product as evidenced by contract execution or when the related boat sale is recognized. Pursuant to negotiated agreements with financial and insurance institutions, we are charged back for a portion of these fees should the customer terminate or default on the related finance or insurance contract before it is outstanding for a stipulated minimum period of time. We base the chargeback allowance, which was not material to the condensed consolidated financial statements taken as a whole as of March 31, 2012, on our experience with repayments or defaults on the related finance or insurance contracts.

We also recognize commissions earned on extended warranty service contracts sold on behalf of third-party insurance companies at the later of customer acceptance of the service contract terms as evidenced by contract execution or recognition of the related boat sale. We are charged back for a portion of these commissions should the customer terminate or default on the service contract prior to its scheduled maturity. We determine the chargeback allowance, which was not material to the condensed consolidated financial statements taken as a whole as of March 31, 2012, based upon our experience with terminations or defaults on the service contracts.

**4. INVENTORIES**

Inventory costs consist of the amount paid to acquire inventory, net of vendor consideration and purchase discounts, the cost of equipment added, reconditioning costs, and transportation costs relating to acquiring inventory for sale. We state new and used boat, motor, and trailer inventories at the lower of cost, determined on a specific-identification basis, or market. We state parts and accessories at the lower of cost, determined on an average cost basis, or market. We utilize our historical experience, the aging of the inventories, and our consideration of current market trends as the basis for determining a lower of cost or market valuation allowance. As of September 30, 2011 and March 31, 2012, our lower of cost or market valuation allowance was \$3.4 million and \$3.5 million, respectively. If events occur and market conditions change, causing the fair value to fall below carrying value, the lower of cost or market valuation allowance could increase.

**5. IMPAIRMENT OF LONG-LIVED ASSETS**

FASB Accounting Standards Codification 360-10-40, Property, Plant, and Equipment - Impairment or Disposal of Long-Lived Assets (ASC 360-10-40), requires that long-lived assets, such as property and equipment and purchased intangibles subject to amortization, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the asset is measured by comparison of its carrying amount to undiscounted future net cash flows the asset is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair market value. Estimates of expected future cash flows represent our best estimate based on currently available information and reasonable and supportable assumptions. Any impairment recognized in accordance with ASC 360-10-40 is permanent and may not be restored. As of March 31, 2012, we had not recognized any impairment of long-lived assets in connection with ASC 360-10-40, during fiscal 2012.

**6. INCOME TAXES:**

We account for income taxes in accordance with FASB Accounting Standards Codification 740, Income Taxes (ASC 740). Under ASC 740, we recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized by considering all available positive and negative evidence.

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Pursuant to ASC 740, we must consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of ASC 740-10, we determined that our net deferred tax asset needed to be fully reserved given recent earnings and industry trends.

**7. SHORT-TERM BORROWINGS:**

In June 2011, we entered into an amendment to our Inventory Financing Agreement (the Credit Facility), originally entered into in June 2010 with GE Commercial Distribution Finance Company (GECDF), as amended in December 2010. The June 2011 amendment, among other things, modified the amount of borrowing availability, interest rate, and maturity date of the Credit Facility. The amended Credit Facility provides a floor plan financing commitment up to \$150 million, up from the previous limit of \$100 million, subject to borrowing base availability resulting from the amount and aging of our inventory. The amended Credit Facility matures in June 2014, subject to extension for two one-year periods, with the approval of GECDF.

The amended Credit Facility has certain financial covenants as specified in the agreement. The covenants include provisions that our leverage ratio must not exceed 2.75 to 1.0 and that our current ratio must be greater than 1.2 to 1.0. At March 31, 2012, we were in compliance with all of the covenants under the amended Credit Facility. The interest rate for amounts outstanding under the amended Credit Facility is 383 basis points above the one-month London Inter-Bank Offering Rate (LIBOR). There is an unused line fee of ten basis points on the unused portion of the amended Credit Facility.

Advances under the amended Credit Facility are initiated by the acquisition of eligible new and used inventory or are re-advances against eligible new and used inventory that have been partially paid-off. Advances on new inventory mature 1,081 days from the original invoice date. Advances on used inventory mature 361 days from the date we acquire the used inventory. Each advance is subject to a curtailment schedule, which requires that we pay down the balance of each advance on a periodic basis starting after six months. The curtailment schedule varies based on the type and value of the inventory. The collateral for the amended Credit Facility is all of our personal property with certain limited exceptions. None of our real estate has been pledged for collateral for the amended Credit Facility.

In September 2011, we entered into an extension through August 31, 2012 to our Inventory Financing Agreement (the CGI Facility), originally entered into in October 2010 with CGI Finance, Inc. The CGI Facility provides a floor plan financing commitment of \$30 million and is designed to provide financing for our Azimut inventory needs. The CGI Facility has an approximate one-year term, which is typical in the industry for similar floor plan facilities; however, each advance under the CGI Facility can remain outstanding for 18 months. The interest rate for amounts outstanding under the CGI Facility is 350 basis points above the one-month LIBOR.

Advances under the CGI Facility are initiated by the acquisition of eligible new and used inventory or are re-advances against eligible new and used inventory that has been partially paid-off. Advances on new inventory mature 550 days from the advance date. Advances on used inventory mature 366 days from the advance date. Each advance is subject to a curtailment schedule, which requires that we pay down the balance of each advance on a periodic basis, starting after six months for used inventory and one year for new inventory. The curtailment schedule varies based on the type of inventory.

The collateral for the CGI Facility is our entire Azimut inventory financed by the CGI Facility with certain limited exceptions. None of our real estate has been pledged as collateral for the CGI Facility. We must maintain compliance with certain financial covenants as specified in the CGI Facility. The covenants include provisions that our leverage ratio must not exceed 2.75 to 1.0 and that our current ratio must be greater than 1.2 to 1.0. At March 31, 2012, we were in compliance with all of the covenants under the CGI Facility. The CGI Facility contemplates that other lenders may be added by us to finance other inventory not financed under the CGI Facility, if needed.

At March 31, 2012, our indebtedness associated with financing our inventory and working capital needs totaled approximately \$120.1 million. At both March 31, 2011 and 2012, the interest rate on the outstanding short-term borrowings was approximately 4.0%. At March 31, 2012, our additional available borrowings under our amended Credit Facility and CGI Facility were approximately \$34.1 million based upon the outstanding borrowing base availability.

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As is common in our industry, we receive interest assistance directly from boat manufacturers, including Brunswick. The interest assistance programs vary by manufacturer, but generally include periods of free financing or reduced interest rate programs. The interest assistance may be paid directly to us or our lender depending on the arrangements the manufacturer has established. We classify interest assistance received from manufacturers as a reduction of inventory cost and related cost of sales as opposed to netting the assistance against our interest expense incurred with our lenders.

The availability and costs of borrowed funds can adversely affect our ability to obtain adequate boat inventory and the holding costs of that inventory as well as the ability and willingness of our customers to finance boat purchases. At March 31, 2012, we had no long-term debt. However, we rely on our amended Credit Facility and CGI Facility to purchase our inventory of boats. The aging of our inventory limits our borrowing capacity as defined curtailments reduce the allowable advance rate as our inventory ages. Our access to funds under our amended Credit Facility and CGI Facility also depends upon the ability of our lenders to meet their funding commitments, particularly if they experience shortages of capital or experience excessive volumes of borrowing requests from others during a short period of time. A continuation of depressed economic conditions, weak consumer spending, turmoil in the credit markets, and lender difficulties could interfere with our ability to utilize our amended Credit Facility and CGI Facility to fund our operations. Any inability to utilize our amended Credit Facility or CGI Facility could require us to seek other sources of funding to repay amounts outstanding under the credit agreements or replace or supplement our credit agreements, which may not be possible at all or under commercially reasonable terms.

Similarly, decreases in the availability of credit and increases in the cost of credit adversely affect the ability of our customers to purchase boats from us and thereby adversely affect our ability to sell our products and impact the profitability of our finance and insurance activities. Tight credit conditions, during fiscal 2009, 2010, and 2011, adversely affected the ability of customers to finance boat purchases, which had a negative effect on our operating results.

**8. STOCK-BASED COMPENSATION:**

We account for our stock-based compensation plans following the provisions of FASB Accounting Standards Codification 718, Compensation Stock Compensation (ASC 718). In accordance with ASC 718, we use the Black-Scholes valuation model for valuing all stock-based compensation and shares purchased under our Employee Stock Purchase Plan. We measure compensation for restricted stock awards and restricted stock units at fair value on the grant date based on the number of shares expected to vest and the quoted market price of our common stock. For restricted stock units with market conditions, we utilize a Monte Carlo simulation embedded in a lattice model to determine the fair value. We recognize compensation cost for all awards in earnings, net of estimated forfeitures, on a straight-line basis over the requisite service period for each separately vesting portion of the award.

During the six months ended March 31, 2011 and 2012, we recognized stock-based compensation expense of approximately \$1.9 million and \$1.9 million, respectively, in selling, general, and administrative expenses in the condensed consolidated statements of operations. There were no tax benefits realized for tax deductions from option exercises for the six months ended March 31, 2011 and 2012.

Cash received from option exercises under all share-based compensation arrangements for the six months ended March 31, 2011 and 2012, was approximately \$727,000 and \$458,000, respectively. We currently expect to satisfy share-based awards with registered shares available to be issued.

**9. THE INCENTIVE STOCK PLANS:**

During January 2011, our stockholders approved a proposal to authorize our 2011 Stock-Based Compensation Plan (2011 Plan), which replaced our 2007 Incentive Compensation Plan (2007 Plan). Our 2011 Plan provides for the grant of stock options, stock appreciation rights, restricted stock, stock units, bonus stock, dividend equivalents, other stock related awards, and performance awards (collectively awards), that may be settled in cash, stock, or other property. Our 2011 Plan is designed to attract, motivate, retain, and reward our executives, employees, officers, directors, and independent contractors by providing such persons with annual and long-term performance incentives to expend their maximum efforts in the creation of stockholder value. The total number of shares of our common stock that may be subject to awards under the 2011 Plan is equal to 1,000,000 shares, plus (i) any shares available for issuance and not subject to an award under the 2007 Plan, which was 200,456 shares at the time of approval of the 2011 Plan, (ii) the number of shares with respect to which awards granted under the 2011 Plan and the 2007 Plan terminate without the issuance of the shares or where the shares are forfeited or repurchased; (iii) with respect to awards granted under the 2011 Plan and the 2007 Plan, the number of shares that are not issued as a result of the award being settled for cash or otherwise not issued in connection with the exercise or payment of the award; and (iv) the number of shares that are surrendered or withheld in payment of the exercise price of any award or any tax withholding requirements in connection with any award granted under the 2011 Plan and the 2007 Plan. The 2011 Plan terminates in January 2021, and awards may be granted at any time during the life of the 2011 Plan. The date on which awards vest are determined by the Board of Directors or the Plan Administrator. The exercise prices of options are determined by the Board of Directors or the Plan Administrator and are at least equal to the fair market value of shares of common stock on the date of grant. The term of options under the

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2011 Plan may not exceed ten years. The options granted have varying vesting periods. To date, we have not settled or been under any obligation to settle any awards in cash.

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The following table summarizes option activity from September 30, 2011 through March 31, 2012:

	Shares Available for Grant	Options Outstanding	Aggregate Intrinsic Value (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance at September 30, 2011	1,501,961	2,260,021	\$ 2,664	\$ 10.19	6.5
Options granted	(581,350)	581,350		\$ 6.39	
Options cancelled/forfeited/expired	71,227	(71,227)		\$ 12.38	
Restricted stock awards issued	(84,000)				
Options exercised		(41,818)		\$ 4.16	
Balance at March 31, 2012	907,838	2,728,326	\$ 5,464	\$ 9.41	6.9
Exercisable at March 31, 2012		1,950,195	\$ 4,391	\$ 10.38	6.0

The weighted-average grant date fair value of options granted during the six months ended March 31, 2011 and 2012, was \$5.16 and \$4.26, respectively. The total intrinsic value of options exercised during the six months ended March 31, 2011 and 2012 was \$398,000 and \$170,000, respectively.

As of March 31, 2011 and 2012, there were approximately \$1.7 million and \$2.0 million, respectively, of unrecognized compensation costs related to non-vested options that are expected to be recognized over a weighted average period of 3.7 years and 2.0 years, respectively. The total fair value of options vested during the six months ended March 31, 2011 and 2012 was approximately \$3.0 million and \$1.4 million, respectively.

We continued using the Black-Scholes model to estimate the fair value of options granted during fiscal 2012. The expected term of options granted is derived from the output of the option pricing model and represents the period of time that options granted are expected to be outstanding. Volatility is based on the historical volatility of our common stock. The risk-free rate for periods within the contractual term of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The following are the weighted-average assumptions used for each respective period:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2011	2012	2011	2012
Dividend yield	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	2.0%	0.9%	1.3%	0.8%
Volatility	96.4%	90.5%	94.8%	90.2%
Expected life	4.2 years	5.0 years	4.4 years	4.5 years

**Table of Contents****10. EMPLOYEE STOCK PURCHASE PLAN:**

During February 2012, our stockholders approved a proposal to amend our 2008 Employee Stock Purchase Plan ( Stock Purchase Plan ) to increase the number of shares available under that plan by 500,000 shares. The Stock Purchase Plan as amended provides for up to 1,000,000 shares of common stock to be available for purchase by our regular employees who have completed at least one year of continuous service. In addition, there were 52,837 shares of common stock available under our 1998 Employee Stock Purchase Plan, which have been made available for issuance under our Stock Purchase Plan. The Stock Purchase Plan provides for implementation of up to 10 annual offerings beginning on the first day of October starting in 2008, with each offering terminating on September 30 of the following year. Each annual offering may be divided into two six-month offerings. For each offering, the purchase price per share will be the lower of (i) 85% of the closing price of the common stock on the first day of the offering or (ii) 85% of the closing price of the common stock on the last day of the offering. The purchase price is paid through periodic payroll deductions not to exceed 10% of the participant's earnings during each offering period. However, no participant may purchase more than \$25,000 worth of common stock annually.

We continued using the Black-Scholes model to estimate the fair value of options granted to purchase shares issued pursuant to the Stock Purchase Plan. The expected term of options granted is derived from the output of the option pricing model and represents the period of time that options granted are expected to be outstanding. Volatility is based on the historical volatility of our common stock. The risk-free rate for periods within the contractual term of the options is based on the U.S. Treasury yield curve in effect at the time of grant.

The following are the weighted-average assumptions used for each respective period:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2011	2012	2011	2012
Dividend yield	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate	0.2%	0.1%	0.2%	0.1%
Volatility	60.2%	58.0%	60.2%	58.0%
Expected life	six months	six months	six months	six months

**11. RESTRICTED STOCK AWARDS:**

We have granted non-vested (restricted) stock awards or restricted stock units (collectively, restricted stock awards ) to certain key employees pursuant to the 2011 Plan and the 2007 Plan. The restricted stock awards have varying vesting periods, but generally become fully vested at either the end of year four or the end of year five, depending on the specific award. Certain awards granted in fiscal 2008 require certain levels of performance by us after the grant before they are earned. Such performance metrics were required to be achieved by September 2011. The metrics were not met, and the awards were forfeited. Certain awards granted in fiscal 2010, 2011, and 2012 require a minimum level of performance of our stock price compared to an index before they are earned. Such performance metrics must be achieved by September 2012, 2013, or 2014, or the awards will be forfeited. The stock underlying the vested restricted stock units will be delivered upon vesting.

We accounted for the restricted stock awards granted using the measurement and recognition provisions of ASC 718. Accordingly, the fair value of the restricted stock awards is measured on the grant date and recognized in earnings over the requisite service period for each separately vesting portion of the award.

The following table summarizes restricted stock award activity from September 30, 2011 through March 31, 2012:

	Shares	Weighted Average Grant Date Fair Value
Non-vested balance at September 30, 2011	221,946	\$ 12.88
Changes during the period		
Awards granted	84,000	\$ 5.95
Awards vested	(58,932)	\$ 28.51
Non-vested balance at March 31, 2012	247,014	\$ 6.79





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As of March 31, 2012, we had approximately \$841,000 of total unrecognized compensation cost related to non-vested restricted stock awards. We expect to recognize that cost over a weighted-average period of 2.0 years.

**12. NET INCOME (LOSS) PER SHARE:**

The following is a reconciliation of the shares used in the denominator for calculating basic and diluted net income (loss) per share:

	<b>Three Months Ended March 31,</b>		<b>Six Months Ended March 31,</b>	
	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>
Weighted average common shares outstanding				
used in calculating basic income (loss) per share	22,329,156	22,652,294	22,283,970	22,622,196
Effect of dilutive options		601,230		
Weighted average common and common equivalent shares used in calculating diluted income (loss) per share	22,329,156	23,253,524	22,283,970	22,622,196

Options to purchase 1,129,369 and 1,081,856 shares of common stock were outstanding at March 31, 2011 and 2012, respectively, but were not included in the computation of diluted income (loss) per share because the options' exercise prices were greater than the average market price of our common stock, and therefore, their effect would be anti-dilutive. For the three months ended March 31, 2011 and the six months ended March 31, 2011 and 2012, no options were included in the computation of diluted loss per share because we reported a net loss and the effect of their inclusion would be anti-dilutive.

**13. COMMITMENTS AND CONTINGENCIES:**

We are party to various legal actions arising in the ordinary course of business. While it is not feasible to determine the actual outcome of these actions as of March 31, 2012, we do not believe that these matters will have a material adverse effect on our consolidated financial condition, results of operations, or cash flows.

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**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include statements relating to our plans to resume our growth through acquisitions and new store openings when more normal economic conditions return; our ability to capitalize on our core strengths to substantially outperform the industry and result in market share gains; our ability to align our retailing strategies with the desire of consumers; our belief that the steps we have taken to address weak market conditions will yield an increase in future revenue; and our expectations that our core strengths and retailing strategies will position us to capitalize on growth opportunities as they occur and will allow us to emerge from the current challenging economic environment with greater earnings potential. Actual results could differ materially from those currently anticipated as a result of a number of factors, including those set forth under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

**General**

We are the largest recreational boat retailer in the United States with fiscal 2011 revenue in excess of \$480 million. Through our current 54 retail locations in 19 states and the British Virgin Islands, we sell new and used recreational boats and related marine products, including engines, trailers, parts, and accessories. We also arrange related boat financing, insurance, and extended service contracts; provide boat repair and maintenance services; offer yacht and boat brokerage services; and, where available, offer slip and storage accommodations. We recently implemented programs to increase substantially our sale over the Internet of used boats and a wide range of boating parts, accessories, supplies, and products; the sale at various offsite locations of used boats, boating parts, and accessories, as well as the offer of finance and insurance, or F&I, products; and the charter of power and sailing yachts. None of these recently implemented programs have had a material effect on our condensed consolidated financial statements.

MarineMax was incorporated in January 1998. We commenced operations with the acquisition of five independent recreational boat dealers on March 1, 1998. Since the initial acquisitions in March 1998, we have acquired 21 recreational boat dealers, two boat brokerage operations, and two full-service yacht repair facilities. As a part of our acquisition strategy, we frequently engage in discussions with various recreational boat dealers regarding their potential acquisition by us. Potential acquisition discussions frequently take place over a long period of time and involve difficult business integration and other issues, including, in some cases, management succession and related matters. As a result of these and other factors, a number of potential acquisitions that from time to time appear likely to occur do not result in binding legal agreements and are not consummated. We did not complete any significant acquisitions during the fiscal years ended September 30, 2008, 2009, 2010, or 2011, or to date in fiscal 2012.

General economic conditions and consumer spending patterns can negatively impact our operating results. Unfavorable local, regional, national, or global economic developments or uncertainties regarding future economic prospects could reduce consumer spending in the markets we serve and adversely affect our business. Economic conditions in areas in which we operate dealerships, particularly Florida in which we generated 45%, 54%, and 50% of our revenue during fiscal 2009, 2010, and 2011, respectively, can have a major impact on our operations. Local influences, such as corporate downsizing, military base closings, inclement weather, environmental conditions, and specific events, such as the BP oil spill in the Gulf of Mexico, also could adversely affect our operations in certain markets.

In an economic downturn, consumer discretionary spending levels generally decline, at times resulting in disproportionately large reductions in the sale of luxury goods. Consumer spending on luxury goods also may decline as a result of lower consumer confidence levels, even if prevailing economic conditions are favorable. Although we have expanded our operations during periods of stagnant or modestly declining industry trends, the cyclical nature of the recreational boating industry or the lack of industry growth may adversely affect our business, financial condition, and results of operations. Any period of adverse economic conditions or low consumer confidence has a negative effect on our business.

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Lower consumer spending resulting from a downturn in the housing market and other economic factors adversely affected our business in fiscal 2007 and continued weakness in consumer spending resulting from substantial weakness in the financial markets and depressed economic conditions had a very substantial negative effect on our business in fiscal 2008, 2009, 2010, 2011, and to date in fiscal 2012. These conditions caused us to defer our acquisition program, delay new store openings, reduce our inventory purchases, engage in inventory reduction efforts, close a number of our retail locations, reduce our headcount, and amend and replace our credit facility. Acquisitions and new store openings remain important strategies to our company, and we plan to resume our growth through these strategies when more normal economic conditions return. However, we cannot predict the length or severity of these unfavorable economic or financial conditions or the extent to which they will continue to adversely affect our operating results nor can we predict the effectiveness of the measures we have taken to address this environment or whether additional measures will be necessary.

Although economic conditions have adversely affected our operating results, we have capitalized on our core strengths to substantially outperform the industry, resulting in market share gains. Our ability to capture such market share supports the alignment of our retailing strategies with the desires of consumers. We believe the steps we have taken to address weak market conditions will yield an increase in future revenue. As general economic trends improve, we expect our core strengths and retailing strategies will position us to capitalize on growth opportunities as they occur and will allow us to emerge from this challenging economic environment with greater earnings potential.

### **Application of Critical Accounting Policies**

We have identified the policies below as critical to our business operations and the understanding of our results of operations. The impact and risks related to these policies on our business operations is discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations when such policies affect our reported and expected financial results.

In the ordinary course of business, we make a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of our financial statements in conformity with accounting principles generally accepted in the United States. We base our estimates on historical experiences and on various other assumptions that we believe are reasonable under the circumstances. The results form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective, and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

### ***Revenue Recognition***

We recognize revenue from boat, motor, and trailer sales and parts and service operations at the time the boat, motor, trailer, or part is delivered to or accepted by the customer or the service is completed. We recognize deferred revenue from service operations and slip and storage services on a straight-line basis over the term of the contract or when service is completed. We recognize commissions earned from a brokerage sale at the time the related brokerage transaction closes. We recognize commissions earned by us for placing notes with financial institutions in connection with customer boat financing when we recognize the related boat sales. We recognize marketing fees earned on credit life, accident, disability, gap, and hull insurance products sold by third-party insurance companies at the later of customer acceptance of the insurance product as evidenced by contract execution or when the related boat sale is recognized. We also recognize commissions earned on extended warranty service contracts sold on behalf of third-party insurance companies at the later of customer acceptance of the service contract terms as evidenced by contract execution or recognition of the related boat sale.

Certain finance and extended warranty commissions and marketing fees on insurance products may be charged back if a customer terminates or defaults on the underlying contract within a specified period of time. Based upon our experience of terminations and defaults, we maintain a chargeback allowance that was not material to our financial statements taken as a whole as of March 31, 2012. Should results differ materially from our historical experiences, we would need to modify our estimate of future chargebacks, which could have a material adverse effect on our operating margins.

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### ***Vendor Consideration Received***

We account for consideration received from our vendors in accordance with FASB Accounting Standards Codification 605-50, Revenue Recognition - Customer Payments and Incentives (ASC 605-50). ASC 605-50 requires us to classify interest assistance received from manufacturers as a reduction of inventory cost and related cost of sales as opposed to netting the assistance against our interest expense incurred with our lenders. Pursuant to ASC 605-50, amounts received by us under our co-op assistance programs from our manufacturers are netted against related advertising expenses.

### ***Inventories***

Inventory costs consist of the amount paid to acquire inventory, net of vendor consideration and purchase discounts, the cost of equipment added, reconditioning costs, and transportation costs relating to acquiring inventory for sale. We state new and used boat, motor, and trailer inventories at the lower of cost, determined on a specific-identification basis, or market. We state parts and accessories at the lower of cost, determined on an average cost basis, or market. We utilize our historical experience, the aging of the inventories, and our consideration of current market trends as the basis for determining a lower of cost or market valuation allowance. As of September 30, 2011 and March 31, 2012, our lower of cost or market valuation allowance was \$3.4 million and \$3.5 million, respectively. If events occur and market conditions change, causing the fair value to fall below carrying value, the lower of cost or market valuation allowance could increase.

### ***Impairment of Long-Lived Assets***

FASB Accounting Standards Codification 360-10-40, Property, Plant, and Equipment - Impairment or Disposal of Long-Lived Assets (ASC 360-10-40), requires that long-lived assets, such as property and equipment and purchased intangibles subject to amortization, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the asset is measured by comparison of its carrying amount to undiscounted future net cash flows the asset is expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair market value. Estimates of expected future cash flows represent our best estimate based on currently available information and reasonable and supportable assumptions. Any impairment recognized in accordance with ASC 360-10-40 is permanent and may not be restored. As of March 31, 2012, we had not recognized any impairment of long-lived assets in connection with ASC 360-10-40, during fiscal 2012.

### ***Income Taxes***

We account for income taxes in accordance with FASB Accounting Standards Codification 740, Income Taxes (ASC 740). Under ASC 740, we recognize deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We record valuation allowances to reduce our deferred tax assets to the amount expected to be realized by considering all available positive and negative evidence.

Pursuant to ASC 740, we must consider all positive and negative evidence regarding the realization of deferred tax assets, including past operating results and future sources of taxable income. Under the provisions of ASC 740-10, we determined that our net deferred tax asset needed to be fully reserved given recent earnings and industry trends.

### ***Stock-Based Compensation***

We account for our stock-based compensation plans following the provisions of FASB Accounting Standards Codification 718, Compensation Stock Compensation (ASC 718). In accordance with ASC 718, we use the Black-Scholes valuation model for valuing all stock-based compensation and shares purchased under our Employee Stock Purchase Plan. We measure compensation for restricted stock awards and restricted stock units at fair value on the grant date based on the number of shares expected to vest and the quoted market price of our common stock. For restricted stock units with market conditions, we utilize a Monte Carlo simulation embedded in a lattice model to determine the fair value. We recognize compensation cost for all awards in earnings, net of estimated forfeitures, on a straight-line basis over the requisite service period for each separately vesting portion of the award.

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**Table of Contents****Consolidated Results of Operations**

The following discussion compares the three and six months ended March 31, 2012 with the three and six months ended March 31, 2011 and should be read in conjunction with the unaudited condensed consolidated financial statements, including the related notes thereto, appearing elsewhere in this report.

***Three Months Ended March 31, 2012 Compared with Three Months Ended March 31, 2011***

*Revenue.* Revenue increased \$28.2 million, or 24.4%, to \$144.0 million for the three months ended March 31, 2012 from \$115.8 million for the three months ended March 31, 2011. Of this increase, \$29.5 million was attributable to a 25.9% increase in comparable-store sales, which was partially offset by a decline of \$1.3 million related to stores opened or closed that were not eligible for inclusion in the comparable-store base for the three months ended March 31, 2012. The increase in our comparable-store sales was due to incremental increases in new boat sales, partly attributable to new brands, and incremental increases in used boat sales, brokerage services, F&I products, and service, parts and accessories products. Improving industry conditions resulting from improved economic conditions contributed to our comparable-store sales growth.

*Gross Profit.* Gross profit increased \$7.6 million, or 28.3%, to \$34.4 million for the three months ended March 31, 2012 from \$26.8 million for the three months ended March 31, 2011. Gross profit as a percentage of revenue increased to 23.9% for the three months ended March 31, 2012 from 23.2% for the three months ended March 31, 2011. The increase in gross profit was primarily attributable to the increase in comparable-store sales and incrementally increased margins on new boat sales due to improving industry inventory conditions.

*Selling, General, and Administrative Expenses.* Selling, general, and administrative expenses increased \$548,000, or 1.8%, to \$31.0 million for the three months ended March 31, 2012 from \$30.4 million for the three months ended March 31, 2011. Selling, general, and administrative expenses as a percentage of revenue decreased to 21.5% for the three months ended March 31, 2012 from 26.3% for the three months ended March 31, 2011. The decrease in selling, general, and administrative expenses as a percentage of revenue was primarily attributable to expense leverage obtained through our reported comparable-store sales increase.

*Interest Expense.* Interest expense increased \$367,000, or 43.8%, to \$1.2 million for the three months ended March 31, 2012 from \$836,000 for the three months ended March 31, 2011. Interest expense as a percentage of revenue increased to 0.8% for the three months ended March 31, 2012 from 0.7% for the three months ended March 31, 2011. The increase was primarily the result of increased borrowings under our credit facilities due to increased inventories.

*Income Tax Benefit.* We had an income tax benefit of \$116,000 for the three months ended March 31, 2012 compared with no income tax expense or benefit for the three months ended March 31, 2011. Our effective income tax rate was low for both the three months ended March 31, 2012 and 2011, primarily due to the limitations on our net operating loss carryback, which limited the tax benefit we were able to record and changes in our valuation allowances associated with our deferred tax assets.

***Six Months Ended March 31, 2012 Compared with Six Months Ended March 31, 2011***

*Revenue.* Revenue increased \$27.9 million, or 13.4%, to \$235.8 million for the six months ended March 31, 2012 from \$207.9 million for the six months ended March 31, 2011. Of this increase, \$31.6 million was attributable to a 15.6% increase in comparable-store sales, which was partially offset by a decline of \$3.7 million related to stores opened or closed that were not eligible for inclusion in the comparable-store base for the six months ended March 31, 2012. The increase in our comparable-store sales was due to incremental increases in new boat sales, partly attributable to new brands, and incremental increases in used boat sales, brokerage services, F&I products, and service, parts and accessories products. Improving industry conditions resulting from improved economic conditions contributed to our comparable-store sales growth.

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*Gross Profit.* Gross profit increased \$9.6 million, or 19.0% to \$60.0 million for the six months ended March 31, 2012 from \$50.4 million for the six months ended March 31, 2011. Gross profit as a percentage of revenue increased to 25.4% for the six months ended March 31, 2012 from 24.2% for the six months ended March 31, 2011. The six months ended March 31, 2011 included a favorable resolution of approximately \$700,000 of inventory repurchases from a manufacturer whose brands we no longer carry, which benefited gross margins approximately 0.4%. The increase in gross profit was primarily attributable to the increase in comparable-store sales and incrementally increased margins on new boat sales due to improving industry inventory conditions.

*Selling, General, and Administrative Expenses.* Selling, general, and administrative expenses increased \$1.7 million, or 2.9%, to \$59.6 million for the six months ended March 31, 2012 from \$57.9 million for the six months ended March 31, 2011. Selling, general, and administrative expenses as a percentage of revenue decreased approximately 2.5% to 25.3% for the six months ended March 31, 2012 from 27.8% for the six months ended March 31, 2011. The six months ended March 31, 2011 included a benefit of approximately \$700,000 from a favorable resolution of accounts receivable from a manufacturer whose brands we no longer carry. Excluding this item, selling, general, and administrative expenses decreased as a percentage of revenue approximately 2.9% to 25.3% for the six months ended March 31, 2012 from 28.2% for the six months ended March 31, 2011. The decrease in selling, general, and administrative expenses (with such adjustment) as a percentage of revenue was primarily attributable to expense leverage obtained through our reported comparable-store sales increase.

*Interest Expense.* Interest expense increased \$741,000, or 44.1%, to \$2.4 million for the six months ended March 31, 2012 from \$1.7 million for the six months ended March 31, 2011. Interest expense as a percentage of revenue increased to 1.0% for the six months ended March 31, 2012 from 0.8% for the six months ended March 31, 2011. The increase was primarily the result of increased borrowings under our credit facilities due to increased inventories.

*Income Tax Benefit.* We had an income tax benefit of \$116,000 for the six months ended March 31, 2012 compared with no income tax expense or benefit for the six months ended March 31, 2011. Our effective income tax rate was low for both the six months ended March 31, 2012 and 2011, primarily due to the limitations on our net operating loss carryback, which limited the tax benefit we were able to record and changes in our valuation allowances associated with our deferred tax assets.

## **Liquidity and Capital Resources**

Our cash needs are primarily for working capital to support operations, including new and used boat and related parts inventories, off-season liquidity, and growth through acquisitions and new store openings. Acquisitions and new store openings remain important strategies to our company, and we plan to resume our growth through these strategies when more normal economic conditions return. However, we cannot predict the length or severity of these unfavorable economic or financial conditions. We regularly monitor the aging of our inventories and current market trends to evaluate our current and future inventory needs. We also use this evaluation in conjunction with our review of our current and expected operating performance and expected business levels to determine the adequacy of our financing needs. These cash needs have historically been financed with cash generated from operations and borrowings under our credit facilities. Our ability to utilize our credit facilities to fund operations depends upon the collateral levels and compliance with the covenants of the credit facilities. Turmoil in the credit markets and weakness in the retail markets may interfere with our ability to remain in compliance with the covenants of the credit facilities and therefore our ability to utilize the credit facilities to fund operations. At March 31, 2012, we were in compliance with all covenants under our credit facilities. We currently depend upon dividends and other payments from our dealerships and our credit facilities to fund our current operations and meet our cash needs. As 100% owner of each of our dealerships, we determine the amounts of such distributions, and currently, no agreements exist that restrict this flow of funds from our dealerships.

For the six months ended March 31, 2012 and 2011, cash provided by operating activities was approximately \$10.4 million and \$12.6 million, respectively. For the six months ended March 31, 2012, cash provided by operating activities was primarily related to a decrease of inventory driven by timing of boats received and our comparable-store sales and partially offset by an increase in accounts receivable as a result of our strong March close. For the six months ended March 31, 2011, cash provided by operating activities was primarily related to a decrease in accounts receivable from our manufacturers, an increase in accounts payable and accrued expenses, an increase in customer deposits as large yachts were placed on order, partially offset by our net loss.

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For the six months ended March 31, 2012 and 2011, cash used in investing activities was approximately \$2.4 million and \$4.4 million, respectively. For the six months ended March 31, 2012, cash used in investing activities was primarily used to purchase property and equipment associated with improving existing retail facilities. For the six months ended March 31, 2011, cash used in investing activities was primarily used in a business acquisition and to purchase property and equipment associated with improving existing retail facilities. Of the \$4.4 million, approximately \$2.3 million was used in the business acquisition to acquire inventory and equipment.

For the six months ended March 31, 2012, cash provided by financing activities was approximately \$1.6 million and was primarily attributable to an increase in short-term borrowings as a result of increased average inventory levels. For the six months ended March 31, 2011, cash used in financing activities approximated \$3.3 million and was primarily attributable to net payments on our short-term borrowings.

In June 2011, we entered into an amendment to our Inventory Financing Agreement (the Credit Facility), originally entered into in June 2010 with GE Commercial Distribution Finance Company (GECDF), as amended in December 2010. The June 2011 amendment, among other things, modified the amount of borrowing availability, interest rate, and maturity date of the Credit Facility. The amended Credit Facility provides a floor plan financing commitment up to \$150 million, up from the previous limit of \$100 million, subject to borrowing base availability resulting from the amount and aging of our inventory. The amended Credit Facility matures in June 2014, subject to extension for two one-year periods, with the approval of GECDF.

The amended Credit Facility has certain financial covenants as specified in the agreement. The covenants include provisions that our leverage ratio must not exceed 2.75 to 1.0 and that our current ratio must be greater than 1.2 to 1.0. At March 31, 2012, we were in compliance with all of the covenants under the amended Credit Facility. The interest rate for amounts outstanding under the amended Credit Facility is 383 basis points above the one-month London Inter-Bank Offering Rate (LIBOR). There is an unused line fee of ten basis points on the unused portion of the amended Credit Facility.

Advances under the amended Credit Facility are initiated by the acquisition of eligible new and used inventory or are re-advances against eligible new and used inventory that have been partially paid-off. Advances on new inventory mature 1,081 days from the original invoice date. Advances on used inventory mature 361 days from the date we acquire the used inventory. Each advance is subject to a curtailment schedule, which requires that we pay down the balance of each advance on a periodic basis starting after six months. The curtailment schedule varies based on the type and value of the inventory. The collateral for the amended Credit Facility is all of our personal property with certain limited exceptions. None of our real estate has been pledged for collateral for the amended Credit Facility.

In September 2011, we entered into an extension through August 31, 2012 to our Inventory Financing Agreement (the CGI Facility), originally entered into in October 2010 with CGI Finance, Inc. The CGI Facility provides a floor plan financing commitment of \$30 million and is designed to provide financing for our Azimut inventory needs. The CGI Facility has an approximate one-year term, which is typical in the industry for similar floor plan facilities; however, each advance under the CGI Facility can remain outstanding for 18 months. The interest rate for amounts outstanding under the CGI Facility is 350 basis points above the one-month LIBOR.

Advances under the CGI Facility are initiated by the acquisition of eligible new and used inventory or are re-advances against eligible new and used inventory that has been partially paid-off. Advances on new inventory mature 550 days from the advance date. Advances on used inventory mature 366 days from the advance date. Each advance is subject to a curtailment schedule, which requires that we pay down the balance of each advance on a periodic basis, starting after six months for used inventory and one year for new inventory. The curtailment schedule varies based on the type of inventory.

The collateral for the CGI Facility is our entire Azimut inventory financed by the CGI Facility with certain limited exceptions. None of our real estate has been pledged as collateral for the CGI Facility. We must maintain compliance with certain financial covenants as specified in the CGI Facility. The covenants include provisions that our leverage ratio must not exceed 2.75 to 1.0 and that our current ratio must be greater than 1.2 to 1.0. At March 31, 2012, we were in compliance with all of the covenants under the CGI Facility. The CGI Facility contemplates that other lenders may be added by us to finance other inventory not financed under the CGI Facility, if needed.



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At March 31, 2012, our indebtedness associated with financing our inventory and working capital needs totaled approximately \$120.1 million. At both March 31, 2011 and 2012, the interest rate on the outstanding short-term borrowings was approximately 4.0%. At March 31, 2012, our additional available borrowings under our amended Credit Facility and CGI Facility were approximately \$34.1 million based upon the outstanding borrowing base availability. The aging of our inventory limits our borrowing capacity as defined curtailments reduce the allowable advance rate as our inventory ages.

We issued a total of 150,314 shares of our common stock in conjunction with our Incentive Stock Plans and Employee Stock Purchase Plan during the six months ended March 31, 2012 for approximately \$458,000 in cash. Our Incentive Stock Plans provide for the grant of incentive and non-qualified stock options to acquire our common stock, the grant of restricted stock awards and restricted stock units, the grant of common stock, the grant of stock appreciation rights, and the grant of other cash awards to key personnel, directors, consultants, independent contractors, and others providing valuable services to us. Our Employee Stock Purchase Plan is available to all our regular employees who have completed at least one year of continuous service.

Except as specified in this Management's Discussion and Analysis of Financial Condition and Results of Operations and in the attached unaudited condensed consolidated financial statements, we have no material commitments for capital for the next 12 months. We believe that our existing capital resources will be sufficient to finance our operations for at least the next 12 months, except for possible significant acquisitions.

### **Impact of Seasonality and Weather on Operations**

Our business, as well as the entire recreational boating industry, is highly seasonal, with seasonality varying in different geographic markets. With the exception of Florida, we generally realize significantly lower sales and higher levels of inventories, and related short-term borrowings, in the quarterly periods ending December 31 and March 31. The onset of the public boat and recreation shows in January stimulates boat sales and typically allows us to reduce our inventory levels and related short-term borrowings throughout the remainder of the fiscal year. Our business could become substantially more seasonal if we acquire dealers that operate in colder regions of the United States or close retail locations in warm climates.

Our business is also subject to weather patterns, which may adversely affect our results of operations. For example, drought conditions (or merely reduced rainfall levels) or excessive rain, may close area boating locations or render boating dangerous or inconvenient, thereby curtailing customer demand for our products and services. In addition, unseasonably cool weather and prolonged winter conditions may lead to a shorter selling season in certain locations. Hurricanes and other storms could result in disruptions of our operations or damage to our boat inventories and facilities, as has been the case when Florida and other markets were affected by hurricanes. Although our geographic diversity is likely to reduce the overall impact to us of adverse weather conditions in any one market area, these conditions will continue to represent potential, material adverse risks to us and our future financial performance.

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**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

At March 31, 2012, all of our short-term debt bore interest at a variable rate, tied to LIBOR as a reference rate. Changes in the underlying LIBOR interest rate on our short-term debt could affect our earnings. For example, a hypothetical 100 basis point increase in the interest rate on our short-term debt would result in an increase of approximately \$1.2 million in annual pre-tax interest expense. This estimated increase is based upon the outstanding balance of our short-term debt as of March 31, 2012 and assumes no mitigating changes by us to reduce the outstanding balances, no additional interest assistance that could be received from vendors due to the interest rate increase, and no changes in the base LIBOR rate.

Products purchased from European-based manufacturers are subject to fluctuations in the euro to U.S. dollar exchange rate, which ultimately may impact the retail price at which we can sell such products. Accordingly, fluctuations in the value of the euro compared with the U.S. dollar may impact the price points at which we can profitably sell European products, and such price points may not be competitive with other product lines in the United States. Accordingly, such fluctuations in exchange rates ultimately may impact the amount of revenue, cost of goods sold, cash flows, and earnings we recognize for European product lines. We cannot predict the effects of exchange rate fluctuations on our operating results. In certain cases, we may enter into foreign currency cash flow hedges to reduce the variability of cash flows associated with forecasted purchases of boats and yachts from European-based manufacturers. We are not currently engaged in foreign currency exchange hedging transactions to manage our foreign currency exposure. If and when we do engage in foreign currency exchange hedging transactions, we cannot assure that our strategies will adequately protect our operating results from the effects of exchange rate fluctuations.

**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed by us in Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

**Changes in Internal Controls**

During the quarter ended March 31, 2012, there were no changes in our internal controls over financial reporting that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on the Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Although our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, a control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.



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**CEO and CFO Certifications**

Exhibits 31.1 and 31.2 are the Certifications of the Chief Executive Officer and Chief Financial Officer, respectively. The Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002 (the Section 302 Certifications ). This Item of this report, which you are currently reading is the information concerning the Evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

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**PART II**

**OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

On January 26, 2012, certain former shareholders of Surfside - 3 Marina, Inc., a company we acquired in March 2006, filed a lawsuit in the United States District Court for the Eastern District of New York, naming our company and certain of our directors and officers as defendants. The lawsuit alleges a failure to timely lift stock transfer restrictions on stock acquired by the plaintiffs in the acquisition, which allegedly delayed the plaintiffs from selling the shares while the defendants sold shares in the marketplace. The lawsuit seeks damages in excess of \$7 million. Based on our assessment, we believe that the case is without merit and, as a result, should not have a material adverse effect on our consolidated financial condition, results of operations, or cash flows.

**ITEM 1A. RISK FACTORS**

Not applicable.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Not applicable.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4. REMOVED AND RESERVED**

**ITEM 5. OTHER INFORMATION**

Not applicable.

**ITEM 6. EXHIBITS**

- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended.
- 32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS XBRL Instance Document\*
- 101.SCH XBRL Taxonomy Extension Schema Document\*

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101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*

\* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**MARINEMAX, INC.**

May 4, 2012

By: /s/ Michael H. McLamb  
Michael H. McLamb  
Executive Vice President,  
Chief Financial Officer, Secretary, and Director  
  
(Principal Accounting and Financial Officer)