

CALCASIEU REAL ESTATE & OIL CO INC

Form 10-Q

November 06, 2003

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly report Under Section 13 or 15(d)

Of the Securities Exchange Act of 1934

For Quarter September 30, 2003

Commission file number 0-9669

CALCASIEU REAL ESTATE & OIL CO., INC.

(Exact name of registrant as specified in its charter)

Louisiana
(State or other jurisdiction of

incorporation or organization)

72-0144530
(I.R.S. Employer

Identification No.)

One Lakeside Plaza
Lake Charles, LA
(Address of principal executive offices)

70601
(Zip Code)

Registrant's telephone number, including area code: (337) 494-4256

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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 x No "

Securities registered pursuant to Section 12(b) for the Act:

| <u>Title of each class</u> | <u>Name of each exchange on which registered</u> |
|----------------------------|--|
| None | Not applicable |

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, No Par Value

(Title of Class)

As of September 30, 2003, 1,944,745 shares of the registrant's Common Stock, without par value, were issued and outstanding.

As of June 30, 2003, the total market value of all outstanding stock was \$10,737,617.

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Form 10-Q for the Quarter ended September 30, 2003

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Reference is made to the Notes to Financial Statements contained in the Company's Annual Report on Form 10-K

The information furnished is not in connection with any sale or offer for sale of, or solicitation of an offer to buy, any securities.

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CALCASIEU REAL ESTATE & OIL CO., INC.

PART I

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The enclosed financial statements are unaudited with the exception of the Balance Sheet for December 31, 2002. The unaudited interim financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

Management believes that the Company's revenues will be sufficient to meet its existing needs and the needs for its anticipated future operations. Long-term trends will depend upon the ability of management to continue to find new production to replace the depletion of the Company's present minerals as well as increasing the Company's income from timber and agriculture. Management does not presently anticipate that the Company will incur material additional liabilities in its future operations. The Company participates in no off-balance sheet entities.

The Company earned \$333,348 net income in the third quarter ended September 30, 2003, up 67.8% from the second quarter of 2003 and up 58.4% from the third quarter of 2002. This was due to increased oil and gas income from royalties and also leases. Oil and gas revenues for the first nine months of 2003 were up 50.5% over the same period in 2002 due to greater production and to higher prices. Timber income was down from 2002, however, a timber contract has been let for cuttings on one company tract and timber income should be higher in the fourth quarter.

The Company has applied for listing on the American Stock Exchange. All of the increase in general and administrative expenses is due to the application fee for listing. The Board of Directors adopted a policy of paying 7¢ per quarter per share in dividends as long as financially prudent.

Table of Contents**CALCASIEU REAL ESTATE & OIL CO., INC.****BALANCE SHEET****ASSETS**

| | September 30, 2003 | December 31, 2002 |
|---|-------------------------------|------------------------------|
| | <u> </u> | <u> </u> |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 1,136,867 | \$ 583,327 |
| Accounts receivables | 219,320 | 152,373 |
| Prepaid income tax & expenses | 15,093 | 64,793 |
| Inventory, crops | 0 | 10,125 |
| | <u> </u> | <u> </u> |
| Total Current Assets | 1,371,280 | 810,618 |
| | <u> </u> | <u> </u> |
| SECURITIES AVAILABLE FOR SALE | 882,864 | 1,361,123 |
| | <u> </u> | <u> </u> |
| PROPERTY AND EQUIPMENT, | | |
| Less accumulated depreciation, Depletion and amortization | 88,521 | 91,949 |
| Timber, less accumulated depletion | 517,065 | 484,161 |
| Land | 3,904,419 | 3,904,851 |
| | <u> </u> | <u> </u> |
| Total Property | 4,510,005 | 4,480,961 |
| | <u> </u> | <u> </u> |
| TOTAL | \$ 6,764,149 | \$ 6,652,702 |
| | <u> </u> | <u> </u> |

Table of Contents**CALCASIEU REAL ESTATE & OIL CO., INC.****BALANCE SHEET****LIABILITIES & STOCKHOLDERS EQUITY**

| | September 30, | December 31, |
|---|---------------------|---------------------|
| | 2003 | 2002 |
| | <u> </u> | <u> </u> |
| CURRENT LIABILITIES | | |
| Trade payables and accrued expenses | \$ 5,881 | \$ 8,863 |
| Dividends payable | 0 | 195,742 |
| Current deferred tax liability, net | 33,260 | 23,370 |
| | <u> </u> | <u> </u> |
| Total Current Liabilities | 39,141 | 227,975 |
| | <u> </u> | <u> </u> |
| STOCKHOLDER S EQUITY | | |
| Common Stock, no par value 3,000,000 shares authorized; 2,100,000 shares issued | \$ 72,256 | \$ 72,256 |
| Retained earnings | 6,996,872 | 6,642,737 |
| Accumulated other comprehensive income | 31,396 | 16,563 |
| | <u> </u> | <u> </u> |
| | 7,100,524 | 6,731,556 |
| Less cost treasury stock (2003 155,255 shares; 2002 144,956 shares) | 375,516 | 306,829 |
| | <u> </u> | <u> </u> |
| Total Equity | 6,725,008 | 6,424,727 |
| | <u> </u> | <u> </u> |
| TOTAL | \$ 6,764,149 | \$ 6,652,702 |
| | <u> </u> | <u> </u> |

Table of Contents**CALCASIEU REAL ESTATE & OIL CO., INC.****STATEMENTS OF INCOME AND RETAINED EARNINGS**

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | September 30, | September 30, | September 30, | September 30, |
| | 2003 | 2002 | 2003 | 2002 |
| REVENUES | | | | |
| Income-primarily from oil and gas properties | \$ 525,152 | \$ 274,455 | \$ 1,203,895 | \$ 800,108 |
| Agriculture Income | 41,803 | 61,355 | 143,839 | 138,690 |
| Timber Income | 19,714 | 35,427 | 52,228 | 112,517 |
| TOTAL | \$ 586,669 | \$ 371,237 | \$ 1,399,962 | \$ 1,051,315 |
| COSTS AND EXPENSES | | | | |
| Oil and gas production costs | \$ 26,256 | \$ 17,691 | \$ 61,877 | \$ 53,559 |
| Agriculture expense | 6,552 | 2,444 | 10,389 | 8,299 |
| Forestry expenses | 13,441 | 27,137 | 25,797 | 37,774 |
| General and Administrative | 70,263 | 36,307 | 201,073 | 166,526 |
| Depreciation and depletion | 2,360 | 1,822 | 6,736 | 5,776 |
| TOTAL | \$ 118,872 | \$ 85,401 | \$ 305,872 | \$ 271,934 |
| OTHER INCOME (EXPENSE) | | | | |
| Interest Income | \$ 3,830 | \$ 7,902 | \$ 12,316 | \$ 17,653 |
| Dividends | 9,286 | 11,498 | 25,119 | 22,764 |
| TOTAL | \$ 13,116 | \$ 19,400 | \$ 37,435 | \$ 40,417 |
| INCOME OR LOSS BEFORE INCOME TAXES AND EXTRAORDINARY CREDITS | \$ 480,913 | \$ 305,236 | \$ 1,131,525 | \$ 819,798 |
| PROVISION FOR INCOME TAXES: | | | | |
| Current | 147,565 | 94,785 | 347,717 | 254,972 |
| NET INCOME OR (LOSS) | \$ 333,348 | \$ 210,451 | \$ 783,808 | \$ 564,826 |
| RETAINED EARNINGS, BEGINNING OF PERIOD | 6,799,920 | 6,554,276 | 6,642,737 | 6,387,579 |
| DIVIDENDS | (136,396) | (97,991) | (429,673) | (285,669) |
| RETAINED EARNINGS, END OF PERIOD | \$ 6,996,872 | \$ 6,666,736 | \$ 6,996,872 | \$ 6,666,736 |
| NET INCOME PER COMMON SHARE | \$.17 | \$.11 | \$.40 | \$.29 |

OTHER COMPREHENSIVE INCOME

| | <u>Three Months Ended</u> | | <u>Nine Months Ended</u> | |
|---|---------------------------|----------------------|--------------------------|----------------------|
| | <u>September 30,</u> | <u>September 30,</u> | <u>September 30,</u> | <u>September 30,</u> |
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| Other comprehensive income | | | | |
| Beginning of Period | \$ 41,228 | \$ 31,159 | \$ 16,563 | \$ 26,059 |
| Unrealized gain (loss) on securities available for sale, net of taxes | (9,832) | (25,653) | 14,833 | (20,553) |
| Other comprehensive income | | | | |
| End of Period | \$ 31,396 | \$ 5,506 | \$ 31,396 | \$ 5,506 |

Table of Contents**CALCASIEU REAL ESTATE & OIL CO., INC.****STATEMENTS OF CASH FLOWS**

| | Nine Months Ended | |
|---|--------------------------|-----------------------|
| | September 30, | September 30, |
| | 2003 | 2002 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (or Loss) | \$ 783,808 | \$ 564,826 |
| Non cash (income) expenses included in net income: | | |
| Depreciation, depletion and amortization | 6,736 | 5,776 |
| CHANGE IN ASSETS AND LIABILITIES: | | |
| (Increase) decrease in accounts receivable | (66,947) | (106,168) |
| (Increase) decrease in inventory | 10,125 | 11,042 |
| (Increase) decrease in prepaid expenses | 3,680 | 3,309 |
| (Increase) decrease in prepaid income taxes | 46,020 | 144,999 |
| Increase (decrease) in trade payables | (2,982) | 7,462 |
| Net Cash Provided by Operating Activities | \$ 780,440 | \$ 631,246 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Maturity of securities available for sale | \$ 1,301,887 | \$ 694,073 |
| Purchase of securities available for sale | (798,905) | (1,695,365) |
| Purchase of Property and equipment and reforestation | (36,212) | (19,931) |
| Land (purchase) or refund | 432 | (12,737) |
| Net Cash Provided (used in) Investing Activities | \$ 467,202 | \$ (1,033,960) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Dividends paid | \$ (625,415) | \$ (481,406) |
| Payments to acquire treasury stock | (68,687) | 0 |
| Net cash provided by (used in) financing activities | \$ (694,102) | \$ (481,406) |
| Net increase (decrease) in cash & cash equivalents | \$ 553,540 | \$ (884,120) |
| CASH AND CASH EQUIVALENTS: | | |
| Beginning | 583,327 | 1,419,084 |
| Ending | \$ 1,136,867 | \$ 534,964 |

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CALCASIEU REAL ESTATE & OIL CO., INC.

PART II OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

(A) Exhibits

Exhibit 31.1

Exhibit 31.2

Exhibit 32

(B) Reports on Form 8-K

None

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 under-signed thereunto duly authorized.

CALCASIEU REAL ESTATE & OIL CO., INC

(Registrant)

/s/ Arthur Hollins, III

Arthur Hollins, III
President

/s/ Charles D. Viccellio

Charles D. Viccellio
Vice-President and Secretary

Dated: October 28, 2003