

CALCASIEU REAL ESTATE & OIL CO INC
Form 10-Q
August 08, 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 June 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

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

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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 June, 2003, 1,952,294 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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CALCASIEU REAL ESTATE & OIL CO., INC.

Form 10-Q for the Quarter ended June 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, which was derived from audited financial statements. 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 \$198,683 net income for the second quarter of 2003 compared to \$264,384 for the second quarter of 2002 and \$251,777 for the first quarter of 2003. Net income for the first six months of 2003 was \$450,460 compared to \$354,375 for the first six months of 2002 or an increase of 27.1%. The differences were almost totally due to changes in revenues from oil and gas properties. The decrease in the current quarter from the second quarter of 2002 was due to lower mineral lease income and decrease in receipts from the Company's small working interests in two wells in the Woodlawn field. The decrease in the current quarter from the first quarter of 2003 was due to decrease in receipts from the Woodlawn field and lower prices. The difference in general and administrative expenses for the three months ended June 30, 2003, and June 30, 2002, was due to the timing of the payment of the franchise tax.

Included in oil and gas income for the second quarter was \$36,324, first payment from settlement of the Strohe suit. Total remaining payments are presently unknown.

The Board of Directors has decided to disburse as dividends all income that is determined unnecessary for prudent future operations. This was decided as a consequence of changes in the federal taxation of dividends.

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

| | June 30, 2003 | December 31, 2002 |
|---|--------------------------|------------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 432,812 | \$ 583,327 |
| Accounts receivables | 173,533 | 152,373 |
| Prepaid income tax & expenses | 22,518 | 64,793 |
| Inventory, crops | 0 | 10,125 |
| Total Current Assets | 628,863 | 810,618 |
| SECURITIES AVAILABLE FOR SALE | 1,499,478 | 1,361,123 |
| PROPERTY AND EQUIPMENT, | | |
| Less accumulated depreciation, Depletion and amortization | 89,896 | 91,949 |
| Timber, less accumulated depletion | 502,535 | 484,161 |
| Land | 3,904,419 | 3,904,851 |
| Total Property | 4,496,850 | 4,480,961 |
| TOTAL | \$ 6,625,191 | \$ 6,652,702 |

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

| | June 30, 2003 | December 31, 2002 |
|--|--------------------------|------------------------------|
| CURRENT LIABILITIES | | |
| Trade payables and accrued expenses | \$ 5,184 | \$ 8,863 |
| Dividends payable | 0 | 195,742 |
| Current deferred tax liability, net | 39,812 | 23,370 |
| Total Current Liabilities | 44,996 | 227,975 |
| STOCKHOLDERS EQUITY | | |
| Common Stock, no par value | | |
| 3,000,000 shares authorized; 2,100,000 shares issued | \$ 72,256 | \$ 72,256 |
| Retained earnings | 6,799,920 | 6,642,737 |
| Accumulated other comprehensive income | 41,228 | 16,563 |
| | 6,913,404 | 6,731,556 |
| Less cost treasury stock (2003 147,706 shares; 2002 144,956 shares) | 333,209 | 306,829 |
| Total Equity | 6,580,195 | 6,424,727 |
| TOTAL | \$ 6,625,191 | \$ 6,652,702 |

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

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|--------------------------|--------------------------|--------------------------|
| | June 30, 2003 | June 30, 2002 | June 30, 2003 | June 30, 2002 |
| REVENUES | | | | |
| Income-primarily from oil and gas properties | \$ 300,246 | \$ 387,640 | \$ 678,743 | \$ 525,653 |
| Agriculture Income | 43,750 | 13,754 | 102,036 | 77,335 |
| Timber Income | 19,091 | 51,596 | 32,514 | 77,090 |
| TOTAL | \$ 363,087 | \$ 452,990 | \$ 813,293 | \$ 680,078 |
| COSTS AND EXPENSES | | | | |
| Forestry expenses | \$ 4,549 | \$ 3,794 | \$ 12,356 | \$ 10,637 |
| Agriculture expense | 1,001 | 2,684 | 3,837 | 5,855 |
| Oil and gas production costs | 16,276 | 24,078 | 35,621 | 35,868 |
| General and Administrative | 63,535 | 48,728 | 130,810 | 130,219 |
| Depreciation and depletion | 2,330 | 2,629 | 4,376 | 3,954 |
| TOTAL | \$ 87,691 | \$ 81,913 | \$ 187,000 | \$ 186,533 |
| OTHER INCOME (EXPENSE) | | | | |
| Interest | \$ 3,879 | \$ 4,967 | \$ 8,486 | \$ 9,751 |
| Dividends on Common Stock | 7,916 | 8,562 | 15,833 | 11,266 |
| TOTAL | \$ 11,795 | \$ 13,529 | \$ 24,319 | \$ 21,017 |
| INCOME OR LOSS BEFORE INCOME TAXES AND EXTRAORDINARY CREDITS | | | | |
| | \$ 287,191 | \$ 384,606 | \$ 650,612 | \$ 514,562 |
| PROVISION FOR INCOME TAXES: | | | | |
| Current | 88,508 | 120,222 | 200,152 | 160,187 |
| NET INCOME OR (LOSS) | \$ 198,683 | \$ 264,384 | \$ 450,460 | \$ 354,375 |
| RETAINED EARNINGS, BEGINNING OF PERIOD | 6,796,526 | 6,379,609 | 6,642,737 | 6,387,579 |
| DIVIDENDS | (195,289) | (89,717) | (293,277) | (187,678) |
| RETAINED EARNINGS, END OF PERIOD | \$ 6,799,920 | \$ 6,554,276 | \$ 6,799,920 | \$ 6,554,276 |
| NET INCOME PER COMMON SHARE | \$.10 | \$.13 | \$.23 | \$.18 |
| OTHER COMPREHENSIVE INCOME | | | | |
| BEGINNING OF PERIOD | \$ 14,948 | \$ 26,059 | \$ 16,563 | \$ 26,059 |
| Unrealized Securities Gains (Losses) | | | | |
| Net of income taxes | 26,280 | 5,100 | 24,665 | 5,100 |
| OTHER COMPREHENSIVE INCOME | | | | |

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END OF PERIOD

| | | | |
|-----------|-----------|-----------|-----------|
| \$ 41,228 | \$ 31,159 | \$ 41,228 | \$ 31,159 |
|-----------|-----------|-----------|-----------|

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

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|--------------------------|--------------------------|--------------------------|
| | June 30, 2003 | June 30, 2002 | June 30, 2003 | June 30, 2002 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Net income (or Loss) | \$ 198,683 | \$ 264,384 | \$ 450,460 | \$ 354,375 |
| Non cash (income) expenses included in net income: Depreciation, depletion and amortization | 2,330 | 2,629 | 4,376 | 3,954 |
| CHANGE IN ASSETS AND LIABILITIES: | | | | |
| Increase) decrease in accounts receivable | 138,109 | (49,071) | (21,160) | (93,009) |
| (Increase) decrease in inventory | | | 10,125 | 11,042 |
| (Increase) decrease in prepaid expenses and prepaid income taxes | (22,518) | 113,091 | 42,275 | 174,452 |
| Increase (decrease) in trade payables | (100) | 5,916 | (3,679) | 16,818 |
| Increase (decrease) in income tax payable | (50,531) | 7,131 | 0 | 7,131 |
| Net Cash Provided by Operating Activities | \$ 265,973 | \$ 344,080 | \$ 482,397 | \$ 474,763 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Purchase of securities available for sale | \$ (300,355) | \$ (103,266) | \$ (798,905) | \$ (1,003,199) |
| Maturity of securities available for sale | 1,000 | 0 | 701,657 | 0 |
| Reforestation expenditure | 0 | (18,780) | (20,000) | (18,780) |
| Land (purchase) or refund | 432 | (5,564) | 432 | (12,737) |
| Purchase of equipment | (348) | (1,151) | (697) | (1,151) |
| | \$ (299,271) | \$ (128,761) | \$ (117,513) | \$ (1,035,867) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Dividends paid | \$ (293,278) | \$ (89,699) | \$ (489,019) | \$ (285,424) |
| Payments to acquire treasury stock | (26,380) | 0 | (26,380) | 0 |
| Net cash provided by (used in) financing activities | \$ (319,658) | \$ (89,699) | \$ (515,399) | \$ (285,424) |
| Net increase (decrease) in cash & cash equivalents | \$ (352,956) | \$ 125,620 | \$ (150,515) | \$ (846,528) |
| CASH AND CASH EQUIVALENTS: | | | | |
| Beginning | 785,768 | 446,936 | 583,327 | 1,419,084 |
| Ending | \$ 432,812 | \$ 572,556 | \$ 432,812 | \$ 572,556 |

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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

Charles D. Viccellio

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Charles D. Viccellio

Vice-President and Secretary

Dated August 6, 2003

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