

Forestar Group Inc.
 Form 10-Q
 November 08, 2013
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UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-33662

FORESTAR GROUP INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 26-1336998
 (State or Other Jurisdiction of (I.R.S. Employer
 Incorporation or Organization) Identification No.)

6300 Bee Cave Road, Building Two, Suite 500, Austin, Texas 78746

(Address of Principal Executive Offices, Including Zip Code)

(512) 433-5200

(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 the definitions 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class	Number of Shares Outstanding as of November 4, 2013
Common Stock, par value \$1.00 per share	34,748,426

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

FORESTAR GROUP INC.

Consolidated Balance Sheets

(Unaudited)

	Third Quarter-End 2013 (In thousands)	Year-End 2012
ASSETS		
Cash and cash equivalents	\$54,769	\$10,361
Real estate, net	509,467	517,150
Oil and gas properties and equipment, net	207,832	158,427
Investment in unconsolidated ventures	46,691	41,546
Timber	11,324	12,293
Receivables, net	34,770	33,623
Prepaid expenses	5,836	6,455
Income taxes receivable	1,569	—
Property and equipment, net	5,905	4,859
Deferred tax asset, net	41,832	54,748
Goodwill and other intangible assets	66,656	63,868
Other assets	16,836	15,104
TOTAL ASSETS	\$1,003,487	\$918,434
LIABILITIES AND EQUITY		
Accounts payable	\$13,921	\$18,320
Accrued employee compensation and benefits	3,350	5,667
Accrued property taxes	6,643	4,231
Accrued interest	1,270	1,168
Income taxes payable	—	587
Other accrued expenses	34,843	22,648
Other liabilities	28,138	38,203
Debt	335,171	294,063
TOTAL LIABILITIES	423,336	384,887
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Forestar Group Inc. shareholders' equity:		
Common stock, par value \$1.00 per share, 200,000,000 authorized shares, 36,946,603 issued at third quarter-end 2013 and year-end 2012	36,947	36,947
Additional paid-in capital	434,960	407,206
Retained earnings	137,419	121,097
Treasury stock, at cost, 2,209,151 shares at third quarter-end 2013 and 2,327,623 shares at year-end 2012	(34,488)	(35,762)
Total Forestar Group Inc. shareholders' equity	574,838	529,488
Noncontrolling interests	5,313	4,059
TOTAL EQUITY	580,151	533,547
TOTAL LIABILITIES AND EQUITY	\$1,003,487	\$918,434

Please read the notes to consolidated financial statements.

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FORESTAR GROUP INC.

Consolidated Statements of Income and Comprehensive Income
(Unaudited)

	Third Quarter		First Nine Months	
	2013	2012	2013	2012
	(In thousands, except per share amounts)			
REVENUES				
Real estate sales and other	\$37,001	\$18,310	\$84,877	\$48,303
Commercial and income producing properties	13,355	8,805	85,387	23,381
Real estate	50,356	27,115	170,264	71,684
Oil and gas	22,095	10,479	53,430	27,053
Other natural resources	2,656	3,016	8,963	5,277
	75,107	40,610	232,657	104,014
COSTS AND EXPENSES				
Cost of real estate sales and other	(18,603)	(10,806)	(43,112)	(27,158)
Cost of commercial and income producing properties	(13,352)	(6,733)	(70,151)	(15,928)
Cost of oil and gas producing activities	(10,090)	(1,392)	(26,762)	(3,117)
Cost of other natural resources	(454)	(1,043)	(1,662)	(2,169)
Other operating	(16,051)	(14,691)	(45,039)	(39,116)
General and administrative	(5,945)	(11,298)	(22,245)	(25,010)
	(64,495)	(45,963)		