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CALCASIEU REAL ESTATE & OIL CO., INC.

Form 10-Q for the Quarter ended March 31, 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 Company earned \$251,777 net income for the first quarter of 2003 compared to \$89,991 for the first quarter of 2002, an increase of 180.8%. This increase was due entirely to the increase of income from oil and gas properties. Oil and gas income increased partly due to higher prices but primarily because of production from one well in the North Gordon field, which began production after the first quarter of 2002.

During the second quarter the Company hopes to receive income from the

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settlement of the Strohe suit. This is a one time event and we are projecting receipt of approximately \$70,000. The Company is also pursuing receipt of approximately \$120,000 being held in escrow pending proof of mineral ownership. There is currently no new mineral activity on the Company's lands.

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.

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CALCASIEU REAL ESTATE & OIL CO., INC.

BALANCE SHEET

ASSETS

| CURRENT ASSETS | March 31, 2003 | December 31, 2002 |
|---|----------------|-------------------|
| Cash and cash equivalents | \$ 785,768 | \$ 583,327 |
| Accounts receivables | 311,642 | 152,373 |
| Prepaid income tax & expenses | 0 | 64,793 |
| Inventory, crops | 0 | 10,125 |
| | ----- | ----- |
| Total Current Assets | 1,097,410 | 810,618 |
| | ----- | ----- |
| SECURITIES AVAILABLE FOR SALE | 1,156,326 | 1,361,123 |
| | ----- | ----- |
| PROPERTY AND EQUIPMENT, Less accumulated depreciation, Depletion and amortization | 90,923 | 91,949 |
| Timber, less accumulated depletion | 503,490 | 484,161 |
| Land | 3,904,851 | 3,904,851 |
| | ----- | ----- |
| Total Property | 4,499,264 | 4,480,961 |
| | ----- | ----- |
| TOTAL | \$6,753,000 | \$6,652,702 |
| | ----- | ----- |

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CALCASIEU REAL ESTATE & OIL CO., INC.

BALANCE SHEET

LIABILITIES & STOCKHOLDERS' EQUITY

| CURRENT LIABILITIES | March 31, 2003 | December 31, 2002 |
|--|----------------|-------------------|
| Trade payables and accrued expenses | \$ 5,284 | \$ 8,863 |
| Dividends payable | 97,989 | 195,742 |
| Current deferred tax liability, net | 22,295 | 23,370 |
| Income taxes payable | 50,531 | 0 |
| | ----- | ----- |
| Total Current Liabilities | 176,099 | 227,975 |
| | ----- | ----- |
| STOCKHOLDER'S EQUITY | | |
| Common Stock, no par value | | |
| 3,000,000 shares authorized; 2,100,000 shares issued | \$ 72,256 | \$ 72,256 |
| Retained earnings | 6,796,526 | 6,642,737 |
| Accumulated other comprehensive income | 14,948 | 16,563 |
| | ----- | ----- |
| | 6,883,730 | 6,731,556 |
| Less cost treasury stock (2003 - 144,956 shares; 2002 - 144,956 shares) | 306,829 | 306,829 |
| | ----- | ----- |
| Total Equity | 6,576,901 | 6,424,727 |
| | ----- | ----- |
| TOTAL | \$6,753,000 | \$6,652,702 |
| | ----- | ----- |

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CALCASIEU REAL ESTATE & OIL CO., INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

| | Three Months Ended March 31, 2003 | Three Months Ended March 31, 2002 |
|--|--------------------------------------|--------------------------------------|
| REVENUES | | |
| Income-primarily from oil and gas properties | \$ 378,497 | \$ 138,013 |
| Income-agricultural properties | 58,286 | 63,581 |
| Income-timber properties | 13,423 | 25,494 |
| | ----- | ----- |
| Total | \$ 450,206 | \$ 227,088 |

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| | | |
|---|--------------|--------------|
| COSTS AND EXPENSES | | |
| Forestry expenses | \$ 7,807 | \$ 6,843 |
| Agriculture expense | 2,836 | 3,171 |
| Oil and gas production costs | 19,345 | 11,790 |
| General and administrative | 67,275 | 81,491 |
| Depreciation and depletion | 2,046 | 1,325 |
| Total | \$ 99,309 | \$ 104,620 |
| OTHER INCOME (EXPENSE) | | |
| Interest income | \$ 4,607 | \$ 4,784 |
| Dividends on common stock | 7,917 | 2,704 |
| Total | \$ 12,524 | \$ 7,488 |
| INCOME BEFORE INCOME TAXES AND EXTRAORDINARY CREDITS | \$ 363,421 | \$ 129,956 |
| PROVISION FOR INCOME TAXES: | | |
| Current | 111,644 | 39,965 |
| Deferred | 0 | 0 |
| Total | \$ 111,644 | \$ 39,965 |
| NET INCOME | \$ 251,777 | \$ 89,991 |
| RETAINED EARNINGS, BEGINNING OF PERIOD | 6,642,737 | 6,387,579 |
| DIVIDENDS DECLARED | (97,988) | (97,961) |
| RETAINED EARNINGS END OF PERIOD | \$ 6,796,526 | \$ 6,379,609 |
| Earnings per share | \$.13 | \$.05 |

OTHER COMPREHENSIVE INCOME

| | Three Months Ended March 31, 2003 | Three Months Ended March 31, 2002 |
|--|--------------------------------------|--------------------------------------|
| Unrealized gain (loss) on securities available for sale, net of taxes | \$ (1,615) | \$ 0 |
| Other Comprehensive Income, Beginning of Period | 16,563 | 26,059 |
| Other Comprehensive Income, End of Period | \$ 14,948 | \$ 26,059 |

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STATEMENTS OF CASH FLOWS

| | Three Months Ended March 31, 2003 | Three Months Ended March 31, 2002 |
|---|--------------------------------------|--------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 251,777 | \$ 89,991 |
| Non cash (income) expenses included in net income: | | |
| Depreciation, depletion and amortization | 2,046 | 1,325 |
| Change in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (159,269) | (43,938) |
| (Increase) decrease in inventory | 10,125 | 11,042 |
| (Increase) decrease in prepaid expenses | 3,680 | 3,309 |
| (Increase) decrease in prepaid income taxes | 61,113 | 58,052 |
| Increase (decrease) in trade payable | (3,579) | 10,902 |
| Increase (decrease) in income tax payable | 50,531 | 0 |
| | \$ 216,424 | \$ 130,683 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Maturity of securities available for sale | \$ 700,657 | \$ 0 |
| Reforestation expenditures | (20,000) | 0 |
| Investment in land & fixed assets | (349) | (7,173) |
| Purchase of securities available for sale | (498,550) | (899,933) |
| | \$ 181,758 | \$ (907,106) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Dividends paid | \$ (195,741) | \$ (195,725) |
| Net cash provided by (used in) financing activities | \$ (195,741) | \$ (195,725) |
| Net increase (decrease) in cash and cash equivalents: | \$ 202,441 | \$ (972,148) |
| Cash and cash equivalents: | | |
| Beginning | 583,327 | 1,419,084 |
| Ending | \$ 785,768 | \$ 446,936 |

CALCASIEU REAL ESTATE & OIL CO., INC.

PART II OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

(a) The Annual Meeting was held on April 25, 2003.

(b) The following were elected Directors:

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Henry C. Alexander
William D. Blake
Troy A. Freund
Arthur Hollins, III
Laura A. Leach
Frank O. Pruitt
B. James Reaves, III
Mary W. Savoy
Charles D. Viccellio

No other director's term of office continued after the meeting.

- (c) There were 1,435,023 shares represented at the meeting of whom 1,432,873 voted in favor of both propositions. The Company furnished its security holders proxy soliciting material pursuant to Regulation 14 under the Act and there was no solicitation in opposition to either the nominees for directors nor any other matters.

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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

None

(B) Management's Certification

This is to certify that we, the officers signing below, have reviewed this report and based on our knowledge, the report does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading. Based on our knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of the issuer, as of, and for, the periods presented in the report. We are responsible for establishing and maintaining internal controls; have designed such controls to ensure that material information relating to the issuer is made known to such officers by others within the Company, particularly during the period in which these reports are prepared. We have evaluated the effectiveness of the Company's internal controls and believe that said controls are effective and sufficient. We have disclosed to the Company's auditors and audit committee the operation of the internal controls and have stated to same that we are unaware of any material weakness in said controls nor are we aware of any fraud. There have been no significant changes in the Company's internal controls.

Dated: May 5, 2003

/s/ Arthur Hollins, III

Arthur Hollins, III
President

/s/ William D. Blake

William D. Blake
Vice-President and Treasurer