

CALCASIEU REAL ESTATE & OIL CO INC

Form 10QSB

May 14, 2004

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

x **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2004

.. **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

For the transition period from _____ to _____

Commission file Number 0-9669

CALCASIEU REAL ESTATE & OIL CO., INC.

(Exact name of small business issuer as specified in its charter)

Louisiana
(state or other jurisdiction of

72-0144530
(I.R.S. Employer

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incorporation or organization)

Identification No.)

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

70601
(Zip Code)

Issuer's telephone number 337-494-4256

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

The number of shares outstanding of the issuer's No Par Value common stock as of March 31, 2004 was 1,942,495.

Transitional Small Business Disclosure Format. Yes No

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For the Quarter Ended March 31, 2004

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Part I. Financial Information

Item 1. Financial Statements

Calcasieu Real Estate & Oil Co., Inc.

Balance Sheet

Assets

| | <u>March 31, 2004</u> |
|---|------------------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 557,053 |
| Accounts receivables | 297,317 |
| Prepaid income tax and expense | 0 |
| Total Current Assets | <u>854,370</u> |
| Securities Available for Sale | <u>2,127,198</u> |
| Property and Equipment (less accumulated depreciation of \$69,064) | 10,840 |
| Timber (less accumulated depletion of \$343,459) | 507,489 |
| Land | 3,887,776 |
| | <u>4,406,105</u> |
| | <u>\$ 7,387,673</u> |

See accompanying notes

Table of Contents**Calcasieu Real Estate & Oil Co., Inc.****Balance Sheet****Liabilities & Stockholders Equity**

| | March 31, 2004 |
|--|-----------------------|
| Current Liabilities | |
| Trade payables and accrued expenses | \$ 29,782 |
| Dividend payable | 136,203 |
| Income taxes payable: | |
| Current | 93,814 |
| Deferred | 53,154 |
| Total Current Liabilities | 312,953 |
| Stockholders Equity | |
| Common stock, no par value: 3,000,000 shares authorized; 2,100,000 shares issued | \$ 72,256 |
| Retained earnings | 7,321,048 |
| Accumulated other comprehensive income | 56,932 |
| | 7,450,236 |
| Less cost of treasury stock (157,505 shares) | 375,516 |
| | 7,074,720 |
| | \$ 7,387,673 |

See accompanying notes

Table of Contents**Calcasieu Real Estate & Oil Co., Inc.****Statements of Income**

| | Three Months Ended March 31, 2004 | Three Months Ended March 31, 2003 |
|---|--|--|
| Revenues | \$ 527,737 | \$ 450,206 |
| Costs and expenses: | | |
| Oil and gas production | 34,859 | 19,345 |
| Agriculture | 1,532 | 2,836 |
| Timber | 1,699 | 7,807 |
| General and administrative | 105,910 | 67,275 |
| Depreciation and depletion | 1,841 | 2,046 |
| | <u>145,841</u> | <u>99,309</u> |
| Income from operations | <u>381,896</u> | <u>350,897</u> |
| Other income(expense): | | |
| Gain-Sale of land | 1,426 | 0 |
| Interest income | 4,065 | 4,607 |
| Dividends on stock | 7,948 | 7,917 |
| | <u>13,439</u> | <u>12,524</u> |
| Income before income taxes | <u>395,335</u> | <u>363,421</u> |
| Federal and state income taxes: | | |
| Current | 120,290 | 111,644 |
| Deferred | | |
| | <u>120,290</u> | <u>111,644</u> |
| Net Income | <u>\$ 275,045</u> | <u>\$ 251,777</u> |
| Per common stock (2004; 1,942,495 shares; 2003; 1,955,044 shares) | \$.14 | \$.13 |
| Dividends per share | \$.07 | \$.05 |

See accompanying notes

Table of Contents**Calcasieu Real Estate & Oil Co., Inc.****Statement of Changes in Cash Flows**

| | Three Months Ended March 31, 2004 | Three Months Ended March 31, 2003 |
|---|--|--|
| Cash Flows From Operating Activities | | |
| Net Income | \$ 275,045 | \$ 251,777 |
| Noncash (income) expenses included in net income: | | |
| Depreciation and depletion | 1,841 | 2,046 |
| (Gain) on sale of assets | (1,426) | |
| (Increase) decrease in current assets | (26,167) | (84,351) |
| Increase (decrease) in current liabilities | 110,339 | 46,952 |
| Net cash provided by operating activities | 359,632 | 216,424 |
| Cash Flows From Investing Activities | | |
| Proceeds from sale of land | 5,454 | |
| Purchase of available for sale securities | (202,682) | (498,550) |
| Sale of available for sale securities | | 700,657 |
| Purchase of property and equipment | (8,709) | (20,349) |
| Net cash provided by (used in) investing activities | (205,937) | 181,758 |
| Cash Flows From Financing Activities | | |
| Dividends paid net of refunds | (123,861) | (195,741) |
| Net cash (used in) investing activities | (123,861) | (195,741) |
| Net increase (decrease) in cash and cash equivalents | 29,834 | 202,441 |
| Cash and cash equivalents: | | |
| Beginning | 527,219 | 583,327 |
| Ending | \$ 557,053 | \$ 785,768 |

See accompanying notes

Table of Contents**Calcasieu Real Estate & Oil Co., Inc.****Statement of Changes in Stockholders' Equity****Quarter Ended March 31, 2004**

| | <u>Comprehensive Income</u> | <u>Retained Earnings</u> | <u>Accumulated Other Comprehensive Income</u> | <u>Capital Stock Issued</u> | <u>Treasury Stock</u> |
|--|---------------------------------|------------------------------|---|-------------------------------------|---------------------------|
| Balance, December 2003 | | \$ 7,169,864 | \$ 55,905 | \$ 72,256 | \$ 375,516 |
| Comprehensive income: | | | | | |
| Net income | \$ 275,045 | 275,045 | | | |
| Other comprehensive income: | | | | | |
| Unrealized gains of securities available for sale: | | | | | |
| Unrealized holdings gains occurring during period net of taxes of \$619 | 1,027 | | 1,027 | | |
| Total comprehensive income | <u>\$ 276,072</u> | | | | |
| Dividends | | (123,861) | | | |
| Balance, March 31, 2004 | | <u>\$ 7,321,048</u> | <u>\$ 56,932</u> | <u>\$ 72,256</u> | <u>\$ 375,516</u> |

See accompanying notes

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Calcasieu Real Estate & Oil Co., Inc.

Notes to Financial Statements

March 31, 2004

(Unaudited)

Note 1. Basis of Presentation

In the opinion of management, the accompanying balance sheet and related interim statements of income, cash flows, and stockholders' equity include all adjustments, consisting only of normal recurring items, necessary for their fair presentation in accordance with generally accepted accounting principles of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-QSB should be read in conjunction with Management's Discussion and Analysis and financial statements and notes thereto included in the Calcasieu Real Estate & Oil Co., Inc. 2003 Form 10-K.

Note 2. Earnings Per Share

Net income per share of common stock for the interim periods is based on the weighted average number of shares outstanding for each period.

Note 3. Contingencies

There are no material contingencies known to management. The Company does not participate in off balance sheet arrangements.

Note 4. Subsequent Event

Calcasieu Real Estate & Oil Co., Inc. is a one-sixth owner of land on which Unit Petroleum Company has completed four oil and gas wells. Income from these wells is unknown at this time.

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

Results of Operations

Revenue

Revenue for the first quarter of 2004 was \$527,737, an increase of \$77,531 or 17.2% over the first quarter of 2003. Virtually all of this increase was due to oil and gas operations, which represented 86% of 2004 revenue and 84.1% of 2003 revenue. An increase in agriculture revenue in 2004 over 2003 off set the decline in timber revenue for the same periods. Of the \$75,579 increase in oil and gas revenues for the first quarter of 2004 over the first quarter of 2003, \$39,321 was from new production at Castor Creek and the balance was due to higher oil and gas prices.

Operating Expenses

Operating expenses increased \$46,532 or 46.9% in the first quarter of 2004 compared to the first quarter of 2003. Of this amount, \$13,400 was due to an increase in severance taxes on oil and gas due to higher revenues from oil and gas. General and administrative expenses increased \$38,635. Of this amount \$20,319 was attributable to franchise tax paid in the first quarter of 2004 but not paid until the second quarter of 2003, and \$8,000 was due to additional expenses in 2004 for preparing and mailing the proxies and annual report.

Financial Condition

Current assets plus securities available for sale totaled \$2,981,568 on March 31, 2004, compared to \$2,721,239 on December 31, 2003, and \$2,253,736 on March 31, 2003. Current liabilities, which were also total liabilities were \$312,953 on March 31, 2004, compared to \$201,995 on December 31, 2003, and \$176,099 on March 31, 2003. Net current assets plus securities available for sale minus total liabilities were \$2,668,615 on March 31, 2004, \$2,519,244 on December 31, 2003, and \$2,077,637 on March 31, 2003.

Management believes existing cash and short-term investments together with funds generated from operations should be sufficient to meet operating requirements and provide funds for strategic acquisitions.

Issues and Uncertainties

This Quarterly Report contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of issues and uncertainties such as those listed below, which, among others, should be considered in evaluating the Company's financial outlook.

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Revenues from oil and gas provide most of the Company's income. All of these revenues come from wells operated by other companies from property belonging to Calcasieu Real Estate & Oil Co., Inc. Consequently, these revenues fluctuate due to changes in oil and gas prices and changes in the operations of the other companies.

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During the first quarter of 2004, Calcasieu Real Estate & Oil Co., Inc. received its first income from a new field, Castor Creek, developed and operated by Unit Petroleum Company. Unit has drilled and completed four wells. Calcasieu's ownership in this production varies from 2.083% to 4.167%. The income received in the first quarter was for the first well and was for several months production. We do not yet know how much all four wells will produce for Calcasieu.

Item 4. Controls and Procedures

Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) within 90 days of the filing date of this quarterly report. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation.

Part II. Other Information**Item 4. Submission of Matters to a Vote of Security Holders**

The Annual Meeting of Stockholders was held on April 15, 2004.

The following proposal was adopted by the margins indicated:

- To elect a Board of Directors to hold office until their successors are elected and qualified.

| | Number of Shares | |
|----------------------|------------------|----------|
| | For | Withheld |
| William D. Blake | 1,529,139 | 3,500 |
| Troy A. Freund | 1,532,639 | 0 |
| Arthur Hollins, III | 1,532,639 | 0 |
| Laura A. Leach | 1,532,639 | 0 |
| Frank O. Pruitt | 1,532,639 | 0 |
| B. James Reaves, III | 1,532,639 | 0 |
| Mary W. Savoy | 1,532,639 | 0 |
| Michael P. Terranova | 1,532,639 | 0 |
| Charles D. Viccellio | 1,532,639 | 0 |
| Mary Leach Werner | 1,532,639 | 0 |

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Item 6. Exhibits and Reports on Form 8-K

(A) Exhibits

31.1 Certifications

31.2 Certifications

32.1 Certification Pursuant to 18 U.S.C. Section 1850 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification Pursuant to 18 U.S.C. Section 1850 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(B) Report of Form 8-K

None filed.

Items 1, 2, 3 and 5 are not applicable and have been omitted.

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Signature

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.

Date: April 1, 2004

Calcasieu Real Estate & Oil Co., Inc.

/s/ William D. Blake

William D. Blake
Vice-President and Treasurer
Chief Financial Officer

/s/ Arthur Hollins III

Arthur Hollins, III
President and Chief Executive Officer