

BARNWELL INDUSTRIES INC
Form 10QSB
August 12, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended June 30, 2005

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

Commission File Number 1-5103

BARNWELL INDUSTRIES, INC.

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

DELAWARE

(State or other jurisdiction of
incorporation or organization)

72-0496921

(I.R.S. Employer
Identification No.)

1100 Alakea Street, Suite 2900, Honolulu, Hawaii
(Address of principal executive offices)

96813
(Zip code)

(808) 531-8400

Edgar Filing: BARNWELL INDUSTRIES INC - Form 10QSB

(Issuer's telephone number, including area code)

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

As of August 11, 2005 there were 2,723,020 shares of common stock, par value \$0.50, outstanding.

Transitional Small Business Disclosure Format Yes No

BARNWELL INDUSTRIES, INC.

AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION:

Item 1. Financial Statements

Condensed Consolidated Balance Sheets -
June 30, 2005 and September 30, 2004 (Unaudited)

Condensed Consolidated Statements of Operations -
three and nine months ended June 30, 2005 and 2004 (Unaudited)

Condensed Consolidated Statements of Cash Flows -
nine months ended June 30, 2005 and 2004 (Unaudited)

Condensed Consolidated Statements of
Stockholders' Equity and Comprehensive Income -
three months ended June 30, 2005 and 2004 (Unaudited)

Condensed Consolidated Statements of
Stockholders' Equity and Comprehensive Income -
nine months ended June 30, 2005 and 2004 (Unaudited)

Notes to Condensed Consolidated Financial Statements (Unaudited)

Item 2. Management's Discussion and Analysis or Plan of Operation

Item 3. Controls and Procedures

PART II. OTHER INFORMATION:

Item 6. Exhibits and reports on Form 8-K

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements**BARNWELL INDUSTRIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	June 30, 2005	September 30, 2004
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,017,000	\$ 4,497,000
Certificates of deposit	1,700,000	1,387,000
Accounts receivable, net	5,832,000	5,513,000
Other current assets	4,734,000	2,805,000
TOTAL CURRENT ASSETS	18,283,000	14,202,000
INVESTMENT IN LAND	3,033,000	3,033,000
NET PROPERTY AND EQUIPMENT	54,887,000	47,852,000
TOTAL ASSETS	\$ 76,203,000	\$ 65,087,000
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,618,000	\$ 3,199,000
Accrued liabilities	11,453,000	8,625,000
Income taxes payable		36,000
Other current liabilities	1,764,000	1,011,000
TOTAL CURRENT LIABILITIES	17,835,000	12,871,000
LONG-TERM DEBT	10,264,000	10,165,000
ASSET RETIREMENT OBLIGATION	1,955,000	1,775,000
DEFERRED INCOME TAXES	12,382,000	10,719,000
MINORITY INTEREST	343,000	408,000
STOCKHOLDERS' EQUITY:		
Common stock, par value \$0.50 per share:		
Authorized, 4,000,000 shares;		
2,723,020 issued and outstanding at June 30, 2005		
2,664,020 issued and outstanding at September 30, 2004		
	1,362,000	1,332,000
Additional paid-in capital	2,498,000	2,105,000
Retained earnings	28,902,000	25,543,000
Accumulated other comprehensive income - foreign currency translation adjustments	662,000	169,000

Edgar Filing: BARNWELL INDUSTRIES INC - Form 10QSB

TOTAL STOCKHOLDERS EQUITY	33,424,000	29,149,000
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 76,203,000	\$ 65,087,000

See Notes to Condensed Consolidated Financial Statements

BARNWELL INDUSTRIES, INC.

AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three months ended June 30,		Nine months ended June 30,	
	2005	2004	2005	2004
Revenues:				
Oil and natural gas	\$ 7,740,000	\$ 6,410,000	\$ 22,397,000	\$ 17,130,000
Sale of interest in leasehold land, net	150,000	150,000	450,000	7,180,000
Sale of development rights, net			2,497,000	2,497,000
Contract drilling	1,640,000	930,000	6,017,000	1,960,000
Gas processing and other	177,000	80,000	576,000	933,000
	9,707,000	7,570,000	31,937,000	29,700,000
Costs and expenses:				
Oil and natural gas operating	1,695,000	1,270,000	4,442,000	4,001,000
Contract drilling operating	1,342,000	788,000	4,370,000	1,824,000
General and administrative	2,978,000	1,423,000	8,848,000	6,451,000
Depreciation, depletion and amortization	2,176,000	1,780,000	6,477,000	4,998,000
Interest expense	153,000	98,000	442,000	388,000
Minority interest in earnings (losses)	(25,000)	(28,000)	448,000	2,231,000
	8,319,000	5,331,000	25,027,000	19,893,000
Earnings before income taxes	1,388,000	2,239,000	6,910,000	9,807,000
Income tax provision	514,000	1,049,000	2,686,000	1,967,000
NET EARNINGS	\$ 874,000	\$ 1,190,000	\$ 4,224,000	\$ 7,840,000
BASIC EARNINGS PER COMMON SHARE	\$ 0.32	\$ 0.45	\$ 1.56	\$ 2.97
DILUTED EARNINGS PER COMMON SHARE	\$ 0.30	\$ 0.42	\$ 1.47	\$ 2.81
Weighted average common shares outstanding:				
Basic	2,723,020	2,658,064	2,715,654	2,643,221
Diluted	2,893,612	2,816,148	2,871,772	2,790,180

See Notes to Condensed Consolidated Financial Statements

BARNWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine months ended June 30,	
	2005	2004
Cash flows from operating activities:		
Net earnings	\$ 4,224,000	\$ 7,840,000
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion, and amortization	6,477,000	4,998,000
Minority interest in earnings	448,000	2,231,000
Accretion of asset retirement obligation	86,000	56,000
Gain on sale of contract drilling yard		(139,000)
Deferred income taxes	(374,000)	(984,000)
Sale of development rights, net	(2,497,000)	(2,497,000)
Sale of interest in leasehold land, net	(450,000)	(7,180,000)
	7,914,000	4,325,000
Increase from changes in current assets and liabilities	4,032,000	1,482,000
Net cash provided by operating activities	11,946,000	5,807,000
Cash flows from investing activities:		
Proceeds from sale of development rights, net	2,497,000	2,497,000
Proceeds from sale of interest in leasehold land, net	450,000	10,655,000
Proceeds from collection of note receivable		1,311,000
Proceeds from sale of contract drilling yard, net		440,000
Proceeds from matured certificates of deposit	1,587,000	
Investments in certificates of deposit	(1,900,000)	(1,982,000)
Capital expenditures	(12,133,000)	(8,669,000)
Net cash (used in) provided by investing activities	(9,499,000)	4,252,000
Cash flows from financing activities:		
Distributions to minority interest partners	(513,000)	(2,633,000)
Repayments of long-term debt		(3,706,000)
Payment of dividends	(639,000)	(923,000)
Proceeds from exercise of stock options	197,000	191,000
Net cash used in financing activities	(955,000)	(7,071,000)
Effect of exchange rate changes on cash and cash equivalents	28,000	(1,000)
Net increase in cash and cash equivalents	1,520,000	2,987,000
Cash and cash equivalents at beginning of period	4,497,000	