

HMG COURTLAND PROPERTIES INC
Form 10QSB
November 14, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-QSB

(Mark One)

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

For the Quarterly period ended September 30, 2005

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 1-7865

HMG/COURTLAND PROPERTIES, INC.

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

Delaware

(State or other jurisdiction of
incorporation or organization)

59-1914299

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

1870 S. Bayshore Drive, Coconut Grove, Florida 33133

(Address of principal executive offices) (Zip Code)

305-854-6803

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) has filed all reports required to be filed by Sections 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

1,073,035 Common shares were outstanding as of September 30, 2005.

HMG/COURTLAND PROPERTIES, INC.

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Cautionary Statement. This Form 10-QSB contains certain statements relating to future results of the Company that are considered "forward-looking statements" within the meaning of the Private Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied as a result of certain risks and uncertainties, including, but not limited to, changes in political and economic conditions; interest rate fluctuation; competitive pricing pressures within the Company's market; equity and fixed income market fluctuation; technological change; changes in law; changes in fiscal, monetary, regulatory and tax policies; monetary fluctuations as well as other risks and uncertainties detailed elsewhere in this Form 10-QSB or from time-to-time in the filings of the Company with the Securities and Exchange Commission. Such forward-looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated

events.

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, <u>2005</u> (UNAUDITED)	December 31, <u>2004</u>
ASSETS		
Investment properties, net of accumulated depreciation:		
Commercial properties	\$4,515,727	\$4,721,261
Commercial properties- construction in progress	1,641,024	210,965
Hotel, club and spa facility	5,501,801	3,827,201
Hotel, club and spa facility-construction in progress	242,860	1,489,702
Marina properties	2,373,581	2,515,265
Land held for development	589,419	589,419
Total investment properties, net	14,864,412	13,353,813
Cash and cash equivalents	1,959,796	3,410,408
Investments in marketable securities	7,047,985	7,132,542
Other investments	5,721,875	5,190,543
Investment in affiliate	3,053,243	2,993,649
Loans, notes and other receivables	2,055,277	2,027,119
Notes and advances due from related parties	707,137	973,242
Deferred taxes	393,000	28,000
Goodwill	7,728,627	7,728,627
Other assets	604,884	536,706
TOTAL ASSETS	\$44,136,236	\$43,374,649
LIABILITIES		
Mortgages and notes payable	\$19,626,252	\$18,483,069
Accounts payable and accrued expenses	793,412	885,132
Margin payable to broker	1,627,877	1,448,605
Income taxes payable	-	250,000
Interest rate swap contract payable	417,000	579,000
TOTAL LIABILITIES	22,464,541	21,645,806
Minority interests	2,809,878	2,837,944
STOCKHOLDERS' EQUITY		
Preferred stock, \$1 par value; 2,000,000 shares authorized; none issued	-	-
Excess common stock, \$1 par value; 500,000 shares authorized; none issued	-	-
Common stock, \$1 par value; 1,500,000 shares authorized; 1,317,535 & 1,315,635 shares issued and outstanding as of September 30, 2005 & December 31, 2004, respectively	1,317,535	1,315,635
Additional paid-in capital	26,585,595	26,571,972
Undistributed gains from sales of properties, net of losses	41,498,752	41,735,070
Undistributed losses from operations	(48,452,851)	(48,524,414)
Accumulated other comprehensive loss	(208,500)	(289,500)
	20,740,531	20,808,763
Less: Treasury stock, at cost (244,500 & 226,500 shares as of September 30, 2005 & December 31, 2004, respectively)	(1,878,714)	(1,659,114)

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Notes receivable from exercise of stock options	-	(258,750)
TOTAL STOCKHOLDERS' EQUITY	18,861,817	18,890,899
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$44,136,236	\$43,374,649

See notes to the condensed consolidated financial statements

(1)

**HMG/COURTLAND
PROPERTIES, INC AND
SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME (UNAUDITED)**

	Three months ended September 30,		Nine months ended September 30,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
REVENUES				
Real estate rentals and related revenue	\$371,697	\$393,477	\$1,136,834	\$1,188,993
Food & beverage sales	1,036,587	384,574	4,049,180	384,574
Marina revenues	353,913	189,820	1,133,535	422,674
Spa revenues	104,134	-	260,176	-
Net gain (loss) from investments in marketable securities	210,015	111,410	268,529	(23,818)
Net income from other investments	51,501	17,136	45,204	121,507
Interest, dividend and other income	132,033	135,223	410,444	320,574
Total revenues	2,259,880	1,231,640	7,303,902	2,414,504
EXPENSES				
Operating expenses:				
Rental and other properties	231,654	156,880	648,952	398,471
Food and beverage cost of sales	323,549	117,731	1,211,252	117,731
Food and beverage labor and related costs	281,841	83,809	898,870	83,809
Food and beverage other operating costs	418,456	227,028	1,383,521	227,028
Marina expenses	213,554	145,969	625,053	354,861
Spa expenses	196,099	-	332,675	-
Depreciation and amortization	196,922	145,411	693,223	412,201
Adviser's base fee	225,000	225,000	675,000	675,000
General and administrative	97,262	69,459	257,906	228,260
Professional fees and expenses	61,947	59,847	180,359	129,664
Directors' fees and expenses	19,803	18,614	55,522	48,825
Total operating expenses	2,266,087	1,249,748	6,962,333	2,675,850
Interest expense	363,052	185,707	1,027,291	414,547
Minority partners' interests in operating loss of consolidated entities	(178,816)	(62,364)	(147,285)	(61,292)
Total expenses	2,450,323	1,373,091	7,842,339	3,029,105
Loss before sales of properties and income taxes	(190,443)	(141,451)	(538,437)	(614,601)
Gain on sales of properties, net	302,999	297,444	302,999	2,146,385
Income (loss) before income taxes	112,556	155,993	(235,438)	1,531,784
(Benefit from) provision for income taxes	(189,000)	247,000	(610,000)	443,000
Net income (loss)	\$301,556	(\$91,007)	\$374,562	\$1,088,784

Other comprehensive income:

Unrealized gain on interest rate swap agreement	\$209,500	-	\$81,000	-
Total other comprehensive income	209,500		81,000	

Comprehensive income (loss)	\$511,056	(\$91,007)	\$455,562	\$1,088,784
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Net Income (loss) Per Common

Share:

Basic	\$.28	(\$.08)	\$.35	\$ 1.00
Diluted	\$.27	(\$.08)	\$.34	\$.98
Weighted average common shares outstanding	1,076,261	1,089,135	1,081,297	1,089,135
Weighted average common shares outstanding - Diluted	1,107,202	1,103,271	1,113,384	1,103,700

See notes to the condensed consolidated financial statements

(2)

**HMG/COURTLAND PROPERTIES, INC. AND
SUBSIDIARIES**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine months ended September 30,	
	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$374,562	\$1,088,784
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	693,223	412,201
Net income from other investments	(45,204)	(121,507)
Gain on sales of properties, net	(302,999)	(2,146,385)
N		