

TEJON RANCH CO
Form 10-Q
November 07, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(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, 2011

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: 1-7183

TEJON RANCH CO.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of

incorporation or organization)

77-0196136
(IRS Employer

Identification No.)

P.O. Box 1000, Lebec, California 93243

(Address of principal executive offices)

Registrant's telephone number, including area code: (661) 248-3000

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 ☐

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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 ☐ 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

The number of the Company's outstanding shares of Common Stock on November 1, 2011 was 19,975,706.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TEJON RANCH CO. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
Revenues:				
Real estate - commercial/industrial	\$ 5,760	\$ 3,853	\$ 15,152	\$ 11,497
Real estate - resort/residential	88	228	15,966	278
Farming	8,917	12,198	12,165	12,855
Total revenues	14,765	16,279	43,283	24,630
Costs and Expenses:				
Real estate - commercial/industrial	3,249	2,205	9,435	7,692
Real estate - resort/residential	1,001	23	2,878	2,150
Farming	4,825	4,058	8,015	5,549
Corporate expenses	2,655	(2,036)	8,253	2,086
Total expenses	11,730	4,250	28,581	17,477
Operating income	3,035	12,029	14,702	7,153
Other Income (Expense)				
Investment income	317	246	927	708
Interest expense		(7)		(77)
Other income	17	8	77	34
Total other income	334	247	1,004	665
Income from operations before equity in earnings of unconsolidated joint ventures	3,369	12,276	15,706	7,818
Equity in earnings of unconsolidated joint ventures, net	613	647	583	660
Income before income tax expense	3,982	12,923	16,289	8,478
Income tax expense	1,442	5,071	5,710	3,233
Net income	2,540	7,852	10,579	5,245
Net income (loss) attributable to non-controlling interest	(18)	2	(77)	(123)
Net income attributable to common stockholders	\$ 2,558	\$ 7,850	\$ 10,656	\$ 5,368
Net income per share attributable to common stockholders, basic	0.13	\$ 0.40	0.54	\$ 0.30
Net income per share attributable to common stockholders, diluted	0.13	\$ 0.40	0.54	\$ 0.30

See Notes to Unaudited Consolidated Financial Statements.

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TEJON RANCH CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

	September 30, 2011 (unaudited)	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 16,143	\$ 22,027
Marketable securities - available-for-sale	67,527	48,985
Accounts receivable	8,971	9,812
Inventories	5,267	2,982
Prepaid expenses and other current assets	3,361	5,011
Total current assets	101,269	88,817
Property and equipment - net of depreciation	125,211	117,275
Investments in unconsolidated joint ventures	51,321	48,302
Long-term water assets	28,695	28,774
Long-term deferred tax assets	4,307	3,985
Other assets	893	938
TOTAL ASSETS	\$ 311,696	\$ 288,091
LIABILITIES AND EQUITY		
Current Liabilities:		
Trade accounts payable	\$ 3,030	\$ 2,187
Other accrued liabilities	1,847	1,334
Income taxes payable	2,072	
Deferred income	2,144	601
Current portion of long-term debt	36	35
Total current liabilities	9,129	4,157
Long-term debt, less current portion	262	290
Long-term deferred gains	2,248	2,277
Other liabilities	3,534	3,196
Pension liability	1,251	1,519
Total liabilities	16,424	11,439
Commitments and contingencies		
Equity:		
Tejon Ranch Co. Stockholders' Equity		
Common stock, \$.50 par value per share:		
Authorized shares - 30,000,000 Issued and outstanding shares -19,973,926 at September 30, 2011 and 19,747,470 at December 31, 2010	9,987	9,874
Additional paid-in capital	191,979	183,816
Accumulated other comprehensive loss	(2,426)	(2,191)
Retained earnings	55,871	45,215
Total Tejon Ranch Co. Stockholders' Equity	255,411	236,714
Non-controlling interest	39,861	39,938

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Total equity		295,272	276,652
TOTAL LIABILITIES AND EQUITY	\$	311,696	\$ 288,091

See Notes to Unaudited Consolidated Financial Statements.

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TEJON RANCH CO. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine Months Ended September 30	
	2011	2010
OPERATING ACTIVITIES		
Net income	\$ 10,579	\$ 5,245
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,066	1,846
Equity in earnings of unconsolidated joint ventures, net	(583)	(660)
Non-cash retirement plan expense	70	600
Amortization of stock compensation expense	3,846	(4,583)
Gains on sale of easements	(15,730)	
Deferred income taxes	(144)	773
Non-cash straight line loss	98	116
Excess tax benefit of stock based compensation		(243)
Distribution of earnings from unconsolidated joint ventures		1,440
Changes in operating assets and liabilities:		
Receivables, inventories and other assets, net	439	(6,024)
Current liabilities, net	4,102	1,335
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,743	(155)
INVESTING ACTIVITIES		
Maturities and sales of marketable securities	9,768	13,447
Funds invested in marketable securities	(28,739)	