

INTERGROUP CORP
Form 10-Q
November 14, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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 1-10324

THE INTERGROUP CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
Incorporation or organization)

13-3293645
(I.R.S. Employer
Identification No.)

10940 Wilshire Blvd., Suite 2150, Los Angeles, California 90024
(Address of principal executive offices)(Zip Code)

(310) 889-2500
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) 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.

Large accelerated filer

Accelerated filer

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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 Act): Yes No

The number of shares outstanding of registrant's Common Stock, as of November 7, 2011, was 2,416,970.

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PART I
FINANCIAL INFORMATION

Item 1 - Condensed Consolidated Financial Statements

THE INTERGROUP CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

As of	September 30, 2011 (Unaudited)	June 30, 2011
ASSETS		
Investment in hotel, net	\$ 40,341,000	\$ 40,143,000
Investment in real estate, net	68,821,000	69,270,000
Investment in marketable securities	5,482,000	19,438,000
Other investments, net	16,273,000	17,285,000
Cash and cash equivalents	2,174,000	1,364,000
Restricted cash	1,980,000	2,148,000
Other assets, net	5,211,000	4,718,000
Total assets	\$ 140,282,000	\$ 154,366,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other liabilities	\$ 11,220,000	\$ 11,347,000
Due to securities broker	814,000	9,454,000
Obligations for securities sold	393,000	674,000
Other notes payable	2,532,000	2,786,000
Mortgage notes payable - hotel	44,969,000	45,179,000
Mortgage notes payable - real estate	72,079,000	72,437,000
Deferred income taxes	4,426,000	5,987,000
Total liabilities	136,433,000	147,864,000
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.01 par value, 100,000 shares authorized; none issued	\$ -	\$ -
Common stock, \$.01 par value, 4,000,000 shares authorized; 3,340,704 and 3,322,172 issued; 2,412,012 and 2,398,438 outstanding, respectively	33,000	33,000
Additional paid-in capital	9,497,000	9,371,000
Retained earnings	9,866,000	12,941,000
Treasury stock, at cost, 928,692 and 923,734 shares	(10,423,000)	(10,299,000)
Total InterGroup shareholders' equity	8,973,000	12,046,000
Noncontrolling interest	(5,124,000)	(5,544,000)
Total shareholders' equity	3,849,000	6,502,000
Total liabilities and shareholders' equity	\$ 140,282,000	\$ 154,366,000

The accompanying notes are an integral part of these condensed consolidated financial statements.

THE INTERGROUP CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

For the three months ended September 30,	2011	2010
Revenues:		
Hotel	\$11,109,000	\$9,526,000
Real estate	3,618,000	3,461,000
Total revenues	14,727,000	12,987,000
Costs and operating expenses:		
Hotel operating expenses	(8,145,000)	(7,317,000)
Real estate operating expenses	(1,909,000)	(1,811,000)
Depreciation and amortization expense	(1,103,000)	(1,764,000)
General and administrative expense	(488,000)	(472,000)
Total costs and operating expenses	(11,645,000)	(11,364,000)
Income from operations	3,082,000	1,623,000
Other income (expense):		
Interest expense	(1,574,000)	(1,575,000)
Net (loss) gain on marketable securities	(4,655,000)	353,000
Net unrealized (loss) gain on other investments and derivative instruments	(318,000)	41,000
Impairment loss on other investments	(417,000)	(230,000)
Dividend and interest income	90,000	139,000
Trading and margin interest expense	(424,000)	(303,000)
Other expense, net	(7,298,000)	(1,575,000)
Income (loss) before income taxes	(4,216,000)	48,000
Income tax benefit (expense)	1,561,000	(2,000)