

HMG COURTLAND PROPERTIES INC  
Form 10QSB  
May 15, 2006

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 March 31, 2006

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

(Address of principal executive offices)

33133

(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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
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.

1,023,955 Common shares were outstanding as of March 31, 2006.

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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**

	March 31, 2006 (UNAUDITED)	December 31, 2005
<b>ASSETS</b>		
Investment properties, net of accumulated depreciation:		
Commercial properties	\$ 6,459,840	\$ 6,513,793
Commercial properties- construction in progress	701,403	171,727
Hotel, club and spa facility	5,785,047	5,845,030
Marina properties	3,064,790	2,899,085
Land held for development	589,419	589,419
Total investment properties, net	16,600,499	16,019,054
Cash and cash equivalents	2,582,935	2,350,735
Investments in marketable securities	6,139,230	6,576,954
Other investments	5,233,067	5,119,179
Investment in affiliate	3,098,528	3,074,530
Loans, notes and other receivables	2,055,039	2,037,651
Notes and advances due from related parties	753,259	767,768
Deferred taxes	40,000	88,000
Goodwill	7,728,627	7,728,627
Interest rate swap contract asset	130,000	-
Other assets	642,520	640,602
TOTAL ASSETS	\$ 45,003,704	\$ 44,403,100
<b>LIABILITIES</b>		
Mortgages and notes payable	\$ 21,403,571	\$ 20,823,764
Accounts payable and accrued expenses	1,358,182	1,266,561
Margin payable to broker	1,319,896	1,211,925
Interest rate swap contract payable	-	266,000
TOTAL LIABILITIES	24,081,649	23,568,250
Minority interests	3,326,220	2,674,740
<b>STOCKHOLDERS' EQUITY</b>		
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 shares issued and outstanding as of March 31, 2006 and December 31, 2005	1,317,535	1,317,535
Additional paid-in capital	26,585,595	26,585,595
Undistributed gains from sales of properties, net of losses	41,315,056	41,315,056
Undistributed losses from operations	(49,121,517)	(49,046,362)
Accumulated other comprehensive income (loss)	65,000	(133,000)
	20,161,669	20,038,824
Less: Treasury stock, at cost (293,580 & 244,500 shares as of March 31, 2006 and December 31, 2005, respectively)	(2,565,834)	(1,878,714)

TOTAL STOCKHOLDERS' EQUITY	17,595,835	18,160,110
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 45,003,704	\$ 44,403,100

*See notes to the condensed consolidated financial statements*

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

	Three months ended March 31,	
REVENUES	2006	2005
Real estate rentals and related revenue	\$ 415,230	\$ 382,955
Food & beverage sales	1,786,051	1,564,448
Marina revenues	427,814	394,223
Spa revenues	129,130	61,124
Net gain from investments in marketable securities	136,353	7,780
Net income (loss) from other investments	112,818	(83,631)
Interest, dividend and other income	130,462	142,419
Total revenues	3,137,858	2,469,318
EXPENSES		
Operating expenses:		
Rental and other properties	254,452	219,751
Food and beverage cost of sales	530,396	451,758
Food and beverage labor and related costs	335,929	296,718
Food and beverage other operating costs	539,736	477,062
Marina expenses	260,016	212,195
Spa expenses	152,285	51,767
Depreciation and amortization	261,283	227,049
Adviser's base fee	225,000	225,000
General and administrative	78,277	71,802
Professional fees and expenses	78,648	58,418
Directors' fees and expenses	16,300	16,732
Total operating expenses	2,732,322	2,308,252
Interest expense	397,820	342,694
Minority partners' interests in operating income of consolidated entities	34,871	61,020
Total expenses	3,165,013	2,711,966
Loss before income taxes	(27,155)	(242,648)
Provision for (benefit from) income taxes	48,000	(385,000)
Net (loss) income	(\$75,155)	\$ 142,352
<u>Other comprehensive income:</u>		
Unrealized gain on interest rate swap agreement	\$ 198,000	\$ 146,500
Total other comprehensive income	198,000	146,500
Comprehensive income	\$ 122,845	\$ 288,852
<u>Net (loss) income Per Common Share:</u>		
Basic and diluted	(\$.07)	\$ .13
Weighted average common shares outstanding	1,050,131	1,089,135

*See notes to the condensed consolidated financial statements*

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**HMG/COURTLAND PROPERTIES, INC. AND  
SUBSIDIARIES**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	Three months ended March 31,	
	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	(\$75,155)	\$ 142,352
Adjustments to reconcile net (loss) income to net cash provided by		
(used in) operating activities:		
Depreciation and amortization	261,283	227,049
Net (income) loss from other investments	(112,818)	92,856
Net gain from investments in marketable securities	(136,353)	(7,780)
Minority partners' interest in operating income	34,871	61,020
Deferred income tax expense (benefit)	48,000	(385,000)
Changes in assets and liabilities:		
Increase in other assets and other receivables	(46,586)	(154,121)
Net proceeds from sales and redemptions of securities	791,871	157,068
Increase in investments in marketable securities	(217,794)	(449,852)
Increase in accounts payable and accrued expenses	91,621	172,127
Increase in margin payable to brokers and other liabilities	107,971	132,821
Total adjustments	822,066	(153,812)
Net cash provided by (used in) operating activities	746,911	(11,460)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases and improvements of properties	(839,749)	(714,246)
Decrease in notes and advances from related parties	14,509	95,738
Additions in mortgage loans and notes receivables	-	(100,000)
Collections of mortgage loans and notes receivables	24,303	87,831
Distributions from other investments	229,456	235,451
Contributions to other investments	(254,525)	(131,192)
Net cash used in investing activities	(826,006)	(526,418)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Additional borrowings, mortgages and notes payables	614,777	-
Repayment of mortgages and notes payables	(34,970)	(34,709)
Purchase of treasury stock	(687,120)	-
Contributions from minority partners	418,608	-
Net cash provided by (used in) financing activities	311,295	(34,709)