

CALCASIEU REAL ESTATE & OIL CO INC  
Form 10KSB/A  
April 14, 2005

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

---

**FORM 10-KSB/A**

**Amendment No. 1**

---

x ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

.. TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

Commission file Number 0-9669

---

**CALCASIEU REAL ESTATE AND OIL CO., INC.**

(Exact Name of registrant as specified in its charter)

---

Louisiana  
(State of other jurisdiction of  
incorporation or organization)

72-0144530  
(I.R.S. Employer  
Identification No.)

One Lakeside Plaza,  
Lake Charles, Louisiana

70601

Edgar Filing: CALCASIEU REAL ESTATE & OIL CO INC - Form 10KSB/A

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (337) 494-4256

Securities registered pursuant to Section 12(b) of the Act:

Common Stock with no par value  
(Title of each class)

American Stock Exchange  
(Name of exchange  
on which registered)

---

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-KSB.

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12-b2 of the Act). Yes  No

As of December 31, 2004, the aggregate market value of the common equity held by non-affiliates (based on the closing price on the American Stock Exchange on December 31, 2004) was approximately \$17,185,282.

The dollar amount of revenues for fiscal year ended December 31, 2004, was \$2,720,258.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date. Common Stock, No Par Value, 1,942,495 shares outstanding at March 11, 2005.

**Documents Incorporated by Reference**

Portions of the Registrant's definitive Proxy Statement prepared in connection with the 2005 Annual Meeting of Stockholders are incorporated by reference into Part III, Items 9, 10, 11, 12 and 13 of this Annual Report on Form 10-KSB.

---

**EXPLANATORY NOTE**

This amended Form 10-KSB is being filed to correct certain information in the notes to the financial statements contained in Part II, Item 7.

**PART II**

**Item 7. FINANCIAL STATEMENTS**

CALCASIEU REAL ESTATE & OIL CO., INC.

Lake Charles, Louisiana

**C O N T E N T S**

	<b>Page</b>
<u>REPORT OF INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION</u>	19
FINANCIAL STATEMENTS	
<u>Balance sheets</u>	20
<u>Statements of income</u>	21
<u>Statements of changes in stockholders' equity</u>	22-23
<u>Statements of cash flows</u>	24-25
<u>Notes to financial statements</u>	26-35
SUPPLEMENTARY INFORMATION	
<u>Property, plant and equipment</u>	36
<u>Accumulated depreciation, depletion and amortization</u>	37
<u>Quarterly financial data</u>	38
SCHEDULE OMITTED	

Schedules, other than those listed above, have been omitted because of the absence of the conditions under which they are required or because the required information is included in the financial statements or notes thereto.

**McELROY, QUIRK & BURCH**

(In Affiliation with - Gus Schram & Co., LTD)

*A Professional Corporation Certified Public Accountants Since 1925*

800 Kirby Street P.O. Box 3070 Lake Charles, LA 70602-3070

337 433-1063 Fax 337 436-6618 Web page: www.mqb-cpa.com

Carl W. Comeaux, CPA

Gus W. Schram, III, CPA, CVA

Martin L. Chehotsky, CPA, CFE

Robert M. Gani, CPA, MT

Mollie C. Broussard, CPA

Jason L. Guillory, CPA

Greg P. Naquin, CPA, CFP™

Billy D. Fisher, CPA

Joe G. Peshoff, II, CPA, CVA

**MQB**

Charles P. Quirk, CPA, Inactive

Otray J. Woods, Jr., CPA, Inactive

Robert F. Cargile, CPA, Inactive

William A. Mancuso, CPA, Retired

Barbara Hutson Gonzales, CPA, Retired

Judson J. McCann, Jr., CPA, Retired

CFE - Certified Fraud Examiner

MT - Masters of Taxation

CVA - Certified Valuation Analyst

CFP - Certified Financial Planner

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors

Calcasieu Real Estate & Oil Co., Inc.

Lake Charles, Louisiana

We have audited the accompanying balance sheets of Calcasieu Real Estate & Oil Co., Inc. as of December 31, 2004 and 2003, and the related statements of income, changes in stockholders' equity, and cash flows for the years ended December 31, 2004, 2003 and 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calcasieu Real Estate & Oil Co., Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years ended December 31, 2004, 2003 and 2002, in conformity with accounting principles generally accepted in the United States of America.

Edgar Filing: CALCASIEU REAL ESTATE & OIL CO INC - Form 10KSB/A

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 35 through 37 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ms Elroy, Quick & Burch  
Lake Charles, Louisiana

March 4, 2005

Members American Institute of Certified Public Accountants    Society of Louisiana Certified Public Accountants

## CALCASIEU REAL ESTATE &amp; OIL CO., INC.

## BALANCE SHEETS

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,214,405	\$ 527,219
Accounts receivable	330,636	239,815
Prepaid income taxes		26,475
Prepaid expense and other	20,065	4,860
	<u>1,565,106</u>	<u>798,369</u>
<b>SECURITIES AVAILABLE-FOR-SALE</b>	<u>2,242,683</u>	<u>1,922,870</u>
<b>PROPERTY AND EQUIPMENT</b> (less accumulated depreciation, depletion and amortization of \$65,351 in 2004 and \$67,223 in 2003)	11,970	12,680
Timber (less accumulated depletion of \$377,187 in 2004 and \$343,459 in 2003)	475,755	498,975
Land	3,887,776	3,891,610
	<u>4,375,501</u>	<u>4,403,265</u>
	<u>\$ 8,183,290</u>	<u>\$ 7,124,504</u>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Trade payables and accrued expenses	\$ 9,424	\$ 13,256
Dividends payable	135,975	136,204
Income taxes payable:		
Current	2,948	
Deferred, net	66,920	52,535
	<u>215,267</u>	<u>201,995</u>
<b>STOCKHOLDERS EQUITY</b>		
Common stock, no par value; 3,000,000 shares authorized; 2,100,000 shares issued	72,256	72,256
Retained earnings	8,220,502	7,169,864
Accumulated other comprehensive income	50,781	55,905
	<u>8,343,539</u>	<u>7,298,025</u>
Less cost of treasury stock (2004 157,505 shares and 2003 157,505 shares)	375,516	375,516
	<u>7,968,023</u>	<u>6,922,509</u>
	<u>\$ 8,183,290</u>	<u>\$ 7,124,504</u>

See Notes to Financial Statements.



## CALCASIEU REAL ESTATE &amp; OIL CO., INC.

## STATEMENTS OF INCOME

Years Ended December 31, 2004, 2003 and 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Revenues	\$ 2,720,258	\$ 2,111,141	\$ 1,454,498
Costs and expenses:			
Oil and gas production	169,068	203,183	102,654
Agricultural	5,511	13,278	10,515
Timber	28,529	39,014	40,741
General and administrative	332,841	296,295	245,786
Depreciation, depletion and amortization	38,900	34,403	38,886
	<u>574,849</u>	<u>586,173</u>	<u>438,582</u>
Income from operations	<u>2,145,409</u>	<u>1,524,968</u>	<u>1,015,916</u>
Other income (expense):			
Interest income	59,690	10,647	23,760
Dividends on stock	15,871	36,604	27,595
Realized gain on sale of investments in available-for-sale securities	87,458	5,187	
Gain on sale of assets	15	3,931	2,167
	<u>163,034</u>	<u>56,369</u>	<u>53,522</u>
Income before income taxes	<u>2,308,443</u>	<u>1,581,337</u>	<u>1,069,438</u>
Federal and state income taxes:			
Current	712,428	486,474	330,063
Deferred	19,709	1,858	2,807
	<u>732,137</u>	<u>488,332</u>	<u>332,870</u>
Net income (per common share) - 2004 \$.81; 2003 \$.56; 2002 \$.38	<u>\$ 1,576,306</u>	<u>\$ 1,093,005</u>	<u>\$ 736,568</u>

See Notes to Financial Statements.

## CALCASIEU REAL ESTATE &amp; OIL CO., INC.

## STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

Years Ended December 31, 2004, 2003 and 2002

	<u>Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Capital Stock Issued</u>	<u>Treasury Stock</u>
Balance, January 1, 2002	\$	\$ 6,387,579	\$ 26,059	\$ 72,256	\$ 306,829
Comprehensive income:					
Net income	736,568	736,568			
Other comprehensive income:					
Unrealized gains on securities available for sale:					
Unrealized holding gains occurring during period net of taxes of \$6,330	(9,496)				
Other comprehensive income, net of tax	(9,496)		(9,496)		
Total comprehensive income	<u>\$ 727,072</u>				
Dividends		(481,410)			
Balance, December 31, 2002		6,642,737	16,563	72,256	306,829
Comprehensive income:					
Net income	\$ 1,093,005	1,093,005			
Other comprehensive income:					
Unrealized gains on securities available for sale:					
Unrealized holding gains occurring during period net of taxes of \$37,269	42,454				
Less reclassification adjustments for gains included in net income, net of taxes of \$2,075	(3,112)				
Other comprehensive income, net of tax	39,342		39,342		
Total comprehensive income	<u>\$ 1,132,347</u>				
Purchase of treasury stock					68,687
Dividends		(565,878)			

(continued on next page)

## CALCASIEU REAL ESTATE &amp; OIL CO., INC.

## STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

Years Ended December 31, 2004, 2003 and 2002

(Continued)

	<u>Comprehensive Income</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Capital Stock Issued</u>	<u>Treasury Stock</u>
Balance, December 31, 2003		7,169,864	55,905	72,256	375,516
Comprehensive income:					
Net income	\$ 1,576,306	1,576,306			
Other comprehensive income:					
Unrealized gains on securities available for sale:					
Unrealized holding gains occurring during period net of taxes of \$31,567	47,351				
Less reclassification adjustments for gains included in net income, net of taxes of \$34,983	(52,475)				
Other comprehensive income, net of tax	(5,124)		(5,124)		
Total comprehensive income	<u>\$ 1,571,182</u>				
Purchase of treasury stock					
Dividends		(525,668)			
Balance, December 31, 2004		<u>\$ 8,220,502</u>	<u>\$ 50,781</u>	<u>\$ 72,256</u>	<u>\$ 375,516</u>

See Notes to Financial Statements.

## CALCASIEU REAL ESTATE &amp; OIL CO., INC.

## STATEMENTS OF CASH FLOWS

Years Ended December 31, 2004, 2003 and 2002

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income	\$ 1,576,306	\$ 1,093,005	\$ 736,568
Noncash (income) expenses included in net income:			
Depreciation, depletion and amortization	38,900	34,403	38,886
Realized (gains) on sale of available-for-sale securities	(87,458)	(5,187)	
(Gain) on sale of assets	(15)	(3,799)	(2,572)
Loss on asset retirement	3,304	77,215	375
Deferred income tax	19,709	1,858	2,807
Change in assets and liabilities:			
(Increase) in trade accounts and other receivables	(90,822)	(87,442)	(58,625)
Decrease in inventory		10,125	917
Decrease in prepaid income taxes	26,475	34,638	110,030
(Increase) in prepaid expenses	(15,205)	(1,180)	(371)
Increase (decrease) in trade payables	(3,831)	4,393	2,895
Increase in income taxes payable	2,948		
	<u>1,470,311</u>	<u>1,158,029</u>	<u>830,910</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from rights of way		3,000	
Proceeds from sale of timber and land	5,454	16,858	4,655
Available-for-sale securities:			
Purchases	(2,065,760)	(2,143,912)	(1,692,887)
Sales	1,822,955	1,654,000	700,000
Purchase of land, property and equipment	(19,877)	(49,980)	(197,025)
	<u>(257,228)</u>	<u>(520,034)</u>	<u>(1,185,257)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid, net of refunds	(525,897)	(625,416)	(481,410)
Payments to acquire treasury stock		(68,687)	
	<u>(525,897)</u>	<u>(694,103)</u>	<u>(481,410)</u>
Net cash (used in) financing activities	(525,897)	(694,103)	(481,410)
Net increase (decrease) in cash and cash equivalents	687,186	(56,108)	(835,757)
Cash and cash equivalents:			
Beginning	527,219	583,327	1,419,084
Ending	<u>\$ 1,214,405</u>	<u>\$ 527,219</u>	<u>\$ 583,327</u>

(continued on next page)



CALCASIEU REAL ESTATE & OIL CO., INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2004, 2003 and 2002

(Continued)

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>			
Cash payments for:			
Interest	\$	\$	\$
Income taxes	683,004	404,548	238,120
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>			
Net change in unrealized and realized gains on available-for-sale securities	(5,124)	39,342	(9,496)

See Notes to Financial Statements.

CALCASIEU REAL ESTATE & OIL CO., INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

The Company's business is the ownership and management of land. The primary activities consist of leasing its properties for mineral (oil and gas) and agriculture and raising timber.

Significant accounting policies:

Cash and cash equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Inventory:

Inventory consists of harvested crops valued at estimated selling price at the date of the balance sheet.

Pervasiveness of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment securities:

The Company complies with the provisions of Financial Accounting Standards Board Statement No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Under the provisions of this statement, management must make a determination at the time of acquisition whether certain investments in debt and equity securities are to be held as investments to maturity, held as available for sale, or held for trading. Management, under a policy adopted by the board of directors of the Company, made a determination that all debt and equity securities owned at that date and subject to the provisions of the statement would be classified as held available-for-sale.



Under the accounting policies provided for investments classified as held available-for-sale, all such debt securities and equity securities that have readily determinable fair value shall be measured at fair value in the balance sheet. Unrealized holding gains and losses for available-for-sale securities shall be excluded from earnings and reported as a net amount (net of income taxes) as a separate component of retained earnings until realized. Realized gains and losses on available-for-sale securities are included in income. The cost of securities sold is based on the specific identification method. Interest on debt securities is recognized in income as earned, and dividends on marketable equity securities are recognized in income when declared.

Declines in the fair value of available-for-sale securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

#### Property and equipment:

Property and equipment is stated at cost. Major additions are capitalized; maintenance and repairs are charged to income currently. Depreciation is computed on the straight-line and accelerated methods over the estimated useful lives of the assets.

#### Timber:

When timber land is purchased with standing timber, the cost is divided between land and timber based on timber cruises contracted by the Company. The costs of reforestation are capitalized. The timber asset is amortized when the timber is sold based on the percentage of the timber sold from a particular tract applied to the amount capitalized for timber for that tract.

#### Oil and gas:

Oil and gas income is booked when the Company is notified by the well's operators as to the Company's share of the sales proceeds together with the withheld severance taxes. The Company has no capitalized costs relating to oil and gas producing activities and no costs for property acquisition, exploration and development activities.

Earnings per share:

Earnings per share is based on the weighted average number of common shares outstanding during the years.

Income taxes:

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Note 2. Securities Available-for-Sale

Debt and equity securities have been classified in the balance sheet according to management's intent in the noncurrent asset sections under the headings securities available-for-sale. The carrying amount of securities and their approximate fair values at December 31, 2004 and 2003 follow:

	<b>Gross Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Unrealized Losses</b>	<b>Fair Value</b>
<b>December 31, 2004</b>				
Available-for-sale securities:				
Equity securities	\$ 612,712	\$ 94,909	\$ 8,452	\$ 699,169
Corporate bonds	200,003	785		200,788
US government securities	1,347,645		4,919	1,342,726
	<u>\$ 2,160,360</u>	<u>\$ 95,694</u>	<u>\$ 13,371</u>	<u>\$ 2,242,683</u>
<b>December 31, 2003</b>				
Available-for-sale securities:				
Equity securities	\$ 155,861	\$ 46,689		\$ 202,550
Preferred equity securities	329,373	46,887		376,260
US government securities (maturing within one year)	1,344,861		801	1,344,060
	<u>\$ 1,830,095</u>	<u>\$ 93,576</u>	<u>\$ 801</u>	<u>\$ 1,922,870</u>

Gross realized gains and gross realized losses on sales of available-for-sale securities during 2004 and 2003 are presented below. There were no gross realized gains and gross realized losses on sales of available-for-sale securities during 2002.

<u>2004</u>	<u>Gains</u>	<u>Losses</u>
Gross realized gains:		
Equity securities	\$ 37,820	\$
Preferred equity securities	49,638	
	<u>\$ 87,458</u>	<u>\$</u>
<u>2003</u>	<u>Gains</u>	<u>Losses</u>
Gross realized gains:		
Preferred equity securities	\$ 5,187	\$
	<u>\$ 5,187</u>	<u>\$</u>

Information pertaining to available-for-sale securities with gross unrealized losses at December 31, 2004, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	<u>Less Than 12 Months</u>		<u>12 Months or More</u>	
	<u>Fair Value</u>	<u>Gross Unrealized Loss</u>	<u>Fair Value</u>	<u>Gross Unrealized Loss</u>
Equity securities	\$ 26,890	\$ 8,452	\$	\$
US government securities	1,342,727	4,919		
	<u>\$ 1,369,617</u>	<u>\$ 13,371</u>	<u>\$</u>	<u>\$</u>

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issues, and (3) the intent and ability of the Company to retain its investment in the issues for a period of time sufficient to allow for any anticipated recovery in fair value.

The securities are considered not other-than-temporarily impaired because of the short period of time the fair value has been less than cost and the Company has the intent and ability to retain its investments for a period of time sufficient to allow for anticipated recovery of fair value.

The following table shows scheduled maturities of securities (other than equity securities) available-for-sale at December 31, 2004:

<u>Years Ending</u>	<u>Fair Value</u>
2005	\$ 996,090
2006	346,636
2007	
2008	
2009	
Thereafter	200,788
	<u>\$ 1,543,514</u>

Note 3. Oil and Gas Properties

Results of operations for oil and gas producing activities at December 31, 2004, 2003 and 2002 is as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Gross revenues:			
Royalty interests	\$ 2,291,804	\$ 1,793,639	\$ 1,096,175
Working interests	853	1,806	22,573
	<u>2,292,657</u>	<u>1,795,445</u>	<u>1,118,748</u>
Less:			
Production costs	169,068	203,183	102,654
Results before income tax expenses	<u>2,123,589</u>	<u>1,592,262</u>	<u>1,016,094</u>
Income tax expenses	672,581	484,950	316,266
Results of operations from producing activities (excluding corporate overhead)	<u>\$ 1,451,008</u>	<u>\$ 1,107,312</u>	<u>\$ 699,828</u>

Costs incurred in oil and gas activities:

There were no major costs, with the exception of severance taxes, incurred in connection with the Company's oil and gas operations (which are conducted entirely within the United States) at December 31, 2004, 2003 and 2002.

Reserve quantities (unaudited):

Reserve information relating to estimated quantities of the Company's interest in proved reserves of natural gas and crude (including condensate and natural gas liquids) is not available. Such reserves are located entirely within the United States. A schedule indicating such reserve quantities is, therefore, not presented. All oil and gas royalties come from Company owned properties that were developed and produced by other partners under lease agreements.

Company's share of oil and gas produced from royalty interests:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net gas produced (MCF)	159,889	153,046	112,492
Net oil produced (Bbl)	28,265	25,618	22,194

Note 4. Income Taxes

The Company files federal income tax returns on a calendar year basis.

The net deferred tax liability in the accompanying balance sheet includes the following components at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Deferred tax assets	\$ 230	\$ 720
Deferred tax liabilities	(34,556)	(15,337)
Deferred tax liabilities on unrealized appreciation of securities available for sale	(32,594)	(37,918)
Net deferred tax liability	<u>\$ (66,920)</u>	<u>\$ (52,535)</u>

A reconciliation between income taxes, computed by applying statutory tax rates to income before income taxes and income taxes provided at December 31, 2004, 2003 and 2002 is as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tax at statutory rates	\$ 784,871	\$ 537,655	\$ 363,609
Tax effect of the following:			
Statutory depletion	(110,549)	(86,281)	(52,480)
Dividend exclusion	(3,777)	(1,673)	(6,567)
State income tax	58,607	39,240	26,756
Investment tax credit		(1,000)	(1,000)
Other	2,985	391	2,552
	<u>\$ 732,137</u>	<u>\$ 488,332</u>	<u>\$ 332,870</u>



Deferred income taxes result from timing differences in the recognition of revenue and expenses for tax and financial statement purposes. The effect of these timing differences at December 31, 2004 and 2003 is as follows:

	<u>2004</u>	<u>2003</u>
Conversion of investment from tax cash basis to accrual basis for financial reporting	\$ (33,726)	\$ (14,205)
Excess of depreciation and depletion expensed for tax purposes (under) amount expensed for financial statement purposes	(600)	(412)
Unrealized gain on marketable securities	(32,594)	(37,918)
	<u>\$ (66,920)</u>	<u>\$ (52,535)</u>

Note 5. Line of Credit

As of December 31, 2004, the Company had available an unsecured line of credit in the amount of \$1,000,000. The balance on this line of credit was \$-0- at December 31, 2004 and 2003.

Note 6. Company Operations

The Company's operations are classified into three principal operating segments which are all located in the United States: oil and gas properties, agricultural properties and timber properties. The Company's reportable business segments are strategic business units that offer income from different products. They are managed separately due to the unique aspects of each area.

Following is a summary of segmented information for 2004, 2003 and 2002:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>REVENUES</b>			
Oil and gas properties	\$ 2,292,657	\$ 1,795,445	\$ 1,118,748
Agricultural properties	174,203	179,960	175,282
Timber properties	253,398	135,736	160,468
	<u>\$ 2,720,258</u>	<u>\$ 2,111,141</u>	<u>\$ 1,454,498</u>
<b>COSTS AND EXPENSES</b>			
Oil and gas properties	\$ 169,068	\$ 203,183	\$ 102,654
Agricultural properties	5,511	13,278	16,085
Timber properties	62,257	67,814	74,057
	<u>\$ 236,836</u>	<u>\$ 284,275</u>	<u>\$ 192,796</u>

	2004	2003	2002
<b>INCOME FROM OPERATIONS</b>			
Oil and gas properties	\$ 2,123,589	\$ 1,592,262	\$ 1,016,094
Agricultural properties	168,692	166,682	159,197
Timber properties	191,141	67,922	86,411
	<u>2,483,422</u>	<u>1,826,866</u>	<u>1,261,702</u>
OTHER INCOME (EXPENSE)	(174,979)	(245,529)	(192,264)
	<u>2,308,443</u>	<u>1,581,337</u>	<u>1,069,438</u>
<b>INCOME BEFORE INCOME TAXES</b>			
<b>IDENTIFIABLE ASSETS</b>			
Oil and gas properties	\$ 322,225	\$ 233,813	\$ 213,493
Agricultural properties	2,364,591	2,372,124	2,372,029
Timber properties	1,499,806	1,516,918	1,507,513
GENERAL CORPORATE ASSETS	3,996,668	3,001,649	2,559,667
	<u>\$ 8,183,290</u>	<u>\$ 7,124,504</u>	<u>\$ 6,652,702</u>
<b>TOTAL ASSETS</b>			
<b>CAPITAL EXPENDITURES</b>			
Oil and gas properties	\$	\$	\$
Agricultural properties	1,195		165,859
Timber properties	13,812	43,614	18,908
	<u>\$ 15,007</u>	<u>\$ 43,614</u>	<u>\$ 184,767</u>
<b>DEPRECIATION, DEPLETION AND AMORTIZATION</b>			
Agricultural properties	\$	\$	\$
Timber properties	33,728	28,800	33,316
	<u>\$ 33,728</u>	<u>\$ 28,800</u>	<u>\$ 33,316</u>

There are no intersegment sales reported in the accompanying income statements. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on profit or loss from operations before income taxes excluding nonrecurring gains and losses on securities held available for sale. Income before income tax represents net sales less operating expenses and other income and expenses of a general corporate nature. Identifiable assets by segment are those assets that are used in the Company's operations within that industry.



The following summarizes major customer information at December 31, 2004, 2003 and 2002 from oil and gas revenues:

<u>Purchaser</u>	<u>Sales to Purchaser as a Percentage of Total Revenues</u>		
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Cox and Perkins	34%	41%	41%
Kerr-McGee		13%	
Unit Petroleum	15%		

Note 7. Related Party Transactions

In 1990, the Company purchased interests in properties managed by Walker Louisiana Properties (WLP), such properties being subject to a management agreement.

Note 8. Supplementary Income Statement Information

Taxes, other than income taxes, of \$238,215, \$195,687 and \$138,451, were charged to expense during 2004, 2003 and 2002, respectively.

Note 9. Concentration of Credit Risk

The Company maintains its cash balances in one financial institution. The amount on deposit in the financial institution is insured by the Federal Deposit Insurance Corporation up to \$100,000.

Note 10. Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it was practical to estimate that value:

Cash and cash equivalents:

For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities available-for-sale:

Debt and equity securities were valued at fair value, which equals quoted market price.

The estimated fair value of the Company's financial instruments at December 31, 2004 and 2003 are as follows. Amounts are presented in thousands.

	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents	\$ 1,214	\$ 1,214	\$ 527	\$ 527
Securities available for sale	2,243	2,243	1,923	1,923
	<b>\$ 3,457</b>	<b>\$ 3,457</b>	<b>\$ 2,450</b>	<b>\$ 2,450</b>

CALCASIEU REAL ESTATE & OIL CO., INC.

PROPERTY, PLANT AND EQUIPMENT

Years Ended December 31, 2004, 2003 and 1999

	<u>Balance, Beginning of Period</u>	<u>Additions</u>	<u>Adjustments and Retirements</u>	<u>Balance, End of Period</u>
<b><u>2004</u></b>				
Other property:				
Buildings and equipment	\$ 79,904	\$ 7,785	\$ 10,368	\$ 77,321
Timber	842,434	13,812	3,304	852,942
Land	3,891,610	1,195	5,029	3,887,776
	<u>\$ 4,813,948</u>	<u>\$ 22,792</u>	<u>\$ 18,701</u>	<u>\$ 4,818,039</u>
<b><u>2003</u></b>				
Oil and gas properties-proved	\$ 456,751	\$	\$ 456,751	\$
Other property:				
Buildings and equipment	83,718		3,814	79,904
Timber	798,820	43,614		842,434
Land	3,904,851		13,241	3,891,610
	<u>\$ 5,244,140</u>	<u>\$ 43,614</u>	<u>\$ 473,806</u>	<u>\$ 4,813,948</u>
<b><u>2002</u></b>				
Oil and gas properties-proved	\$ 456,751	\$	\$	\$ 456,751
Other property:				
Buildings and equipment	86,825	6,999	10,106	83,718
Timber	779,912	18,908		798,820
Land	3,738,992	165,859		3,904,851
	<u>\$ 5,062,480</u>	<u>\$ 191,766</u>	<u>\$ 10,106</u>	<u>\$ 5,244,140</u>

## CALCASIEU REAL ESTATE &amp; OIL CO., INC.

## ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION

Years Ended December 31, 2004, 2003 and 2002

	<b>Balance, Beginning of Period</b>	<b>Additions</b>	<b>Adjustments and Retirements</b>	<b>Balance, End of Period</b>
<b><u>2004</u></b>				
Other property:				
Buildings and equipment	\$ 67,224	\$ 5,172	\$ 7,045	\$ 65,351
Timber	343,459	33,728		377,187
	<u>\$ 410,683</u>	<u>\$ 38,900</u>	<u>\$ 7,045</u>	<u>\$ 442,538</u>
<b><u>2003</u></b>				
Oil and gas properties-proved	\$ 379,535	\$	\$ 379,535	\$
Other property:				
Buildings and equipment	68,985	5,603	7,364	67,224
Timber	314,659	28,800		343,459
	<u>\$ 763,179</u>	<u>\$ 34,403</u>	<u>\$ 386,899</u>	<u>\$ 410,683</u>
<b><u>2002</u></b>				
Oil and gas properties-proved	\$ 379,535	\$	\$	\$ 379,535
Other property:				
Buildings and equipment	69,999	5,570	6,584	68,985
Timber	281,343	33,316		314,659
	<u>\$ 730,877</u>	<u>\$ 38,886</u>	<u>\$ 6,584</u>	<u>\$ 763,179</u>

## CALCASIEU REAL ESTATE &amp; OIL CO., INC.

## QUARTERLY FINANCIAL DATA

(UNAUDITED)

Amounts in thousands, except per share:

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total Year</u>
Total revenues:					
2004	\$ 528	\$ 615	\$ 810	\$ 767	\$ 2,720
2003	450	363	587	711	2,111
Operating income:					
2004	382	494	670	599	2,145
2003	351	275	468	431	1,525
Net income:					
2004	275	412	467	422	1,576
2003	252	199	333	309	1,093
Net income per share:					
2004	.14	.21	.24	.22	.81
2003	.13	.10	.17	.16	.56
Cash dividends per share:					
2004	.07	.07	.07	.07	.28
2003	.05	.10	.07	.07	.29
Shares outstanding:					
2004	1,945	1,945	1,945	1,945	1,945
2003	1,955	1,952	1,945	1,945	1,945

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized on April 14, 2005

**CALCASIEU REAL ESTATE AND OIL CO., INC.**

BY: /s/ William D. Blake

Name: William D. Blake  
Title: Vice-President & Treasurer,

Chief Financial Officer and Director

**EXHIBIT INDEX**

- 3.1 Restated/Articles of Incorporation of the Registrant is incorporated by reference to Exhibit (3)-1 to Form 10 filed April 29, 1981.
- 3.2 Amendment to Articles of Incorporation of the Registrant is incorporated by reference to Exhibit (3.2) to Form 10-K for year ended December 31, 2003.
- 3.3 By-Laws of the Registrant are incorporated by reference to Exhibit (3.3) to Form 10-K for year ended December 31, 2003.
- 23.1 Consent of McElroy, Quirk & Burch filed herewith.
- 31.1 Certification of Arthur Hollins, III, President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
- 31.2 Certification of William D. Blake, Vice-President and Treasurer and Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.
- 32.1 Certification of Arthur Hollins, III, President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.
- 32.2 Certification of William D. Blake, Vice-President and Treasurer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.