

FIRST FARMERS & MERCHANTS CORP
Form 10-Q/A
August 21, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

(Mark one)

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

For the quarterly period ended **June 30, 2012**

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 Numbers: 000-10972

First Farmers and Merchants Corporation

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(Exact name of registrant as specified in its charter)

Tennessee
(State or other jurisdiction of incorporation or organization)

62-1148660
(I.R.S. Employer Identification No.)

816 South Garden Street
Columbia, Tennessee
(Address of principal executive offices)

38402-1148
(Zip Code)

931-388-3145

(Registrant's telephone number, including area code)

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

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 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

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

As of August 6, 2012, the registrant had 5,330,000 shares of common stock outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The following unaudited condensed consolidated financial statements of the Registrant and its subsidiaries are included in this Report:

Condensed consolidated balance sheets - June 30, 2012 and December 31, 2011.

Condensed consolidated statements of income - For the three months and six months ended June 30, 2012 and June 30, 2011.

Condensed consolidated statements of comprehensive income - For the three months and six months ended June 30, 2012 and June 30, 2011.

Condensed consolidated statements of cash flows - For the six months ended June 30, 2012 and June 30, 2011.

Selected notes to condensed consolidated financial statements.

**FIRST FARMERS AND MERCHANTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

		June 30, 2012	December 31,
		(Unaudited)	2011
			(1)
<i>(Dollars in Thousands, Except Per Share Data)</i>			
ASSETS	Cash and due from banks	\$ 18,442	\$ 17,927
	Interest-bearing due from banks	19,560	16,500
	Federal funds sold	15,000	38,594
	Total cash and cash equivalents	53,002	73,021
	Securities		
	Available-for-sale (amortized cost \$360,392 and \$309,374, respectively)	364,535	314,270
	Held-to-maturity (fair market value \$34,238 and \$37,275, respectively)	32,429	35,214
	Total securities	396,964	349,484
	Loans, net of deferred fees	518,687	517,802
	Allowance for loan and lease losses	(8,772)	(9,200)
	Net loans	509,915	508,602
	Bank premises and equipment, net	26,947	25,537
	Other real estate owned	8,243	8,827
	Bank owned life insurance	24,742	23,621
	Goodwill	9,018	9,018
	Other assets	17,729	19,339
	TOTAL ASSETS	\$ 1,046,560	\$ 1,017,449
LIABILITIES	Deposits		
	Noninterest-bearing	\$ 150,155	\$ 144,003
	Interest-bearing	737,293	712,427
	Total deposits	887,448	856,430
	Securities sold under agreements to repurchase	18,670	16,347
	Accounts payable and accrued liabilities	17,071	16,265
	Federal Home Loan Bank advances	10,100	17,100
	TOTAL LIABILITIES	933,289	906,142
SHAREHOLDERS' EQUITY	Common stock - \$10 par value per share, 8,000,000 shares authorized; 5,330,000 shares issued and outstanding as of June 30, 2012 and December 31, 2011	53,300	53,300
	Retained earnings	57,328	54,890

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Accumulated other comprehensive income	2,548	3,022
TOTAL SHAREHOLDERS' EQUITY BEFORE NONCONTROLLING INTEREST - PREFERRED STOCK OF SUBSIDIARY	113,176	111,212
Noncontrolling interest - preferred stock of subsidiary	95	95
TOTAL SHAREHOLDERS' EQUITY	113,271	111,307
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,046,560	\$ 1,017,449
	19,554	
Depreciation		10,306
Advisory fee to affiliates		3,243
General and administrative		3,960
Minority interest		713
	<hr/>	
		37,981
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Net income (loss) from continuing operations	\$	(12,654)
	<hr/>	
Basic and Diluted Earnings Per Share:		
Net Loss from Continuing Operations	\$	(1.57)
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Weighted Average Common Shares Used in Computing Earnings Per Share		8,113,669
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- (1) The proforma combined Statement of Operations assumes that each property was sold by TCI on January 1, 2004.
- (2) Operating results for properties are their actual operating results from January 1 to their respective dates of sale. Rents, property operations, interest expense and depreciation for non-land properties sold prior to August 15, 2004 were excluded from the actual results of continuing operations at June 30, 2004.
- (3) Includes the Cliffs of El Dorado and Sandstone Apartments sold in May 2004, and the Waters Edge IV Apartments sold in June 2004.
- (4) Includes Countryside Retail and Harmon, Brandeis and Odgen Industrial sold in February 2004, K-Mart, Texstar Warehouse and the Pinewood Warehouse (Kelly) sold in March 2004, the Atrium sold in May 2004, 4135 Beltline sold in June 2004 and the Cash Road Warehouse (Kelly) sold in July 2004.
- (5) Includes Red Cross sold in January 2004, Allen sold in March 2004 and Razor sold in August 2004.

TRANSCONTINENTAL REALTY INVESTORS, INC.

PROFORMA COMBINED STATEMENT OF OPERATIONS ⁽¹⁾⁽²⁾

YEAR ENDED DECEMBER 31, 2003

(Dollars in thousands, except per share)

	<u>Actual</u> ⁽³⁾	<u>Apartments</u> ⁽⁴⁾	<u>Commercial</u> ⁽⁵⁾	<u>Land</u> ⁽⁶⁾	<u>Proforma</u>
Property revenue:					
Rents	\$ 114,422	\$ (2,093)	\$ (9,564)	\$ (11)	\$ 102,754
Property operations	73,603	(1,163)	(4,509)	(267)	67,664
	<u>40,819</u>	<u>(930)</u>	<u>(5,055)</u>	<u>256</u>	<u>35,090</u>
Land Operations:					
Sales	11,087			31,062	42,149
Cost of Sales	7,730			23,920	31,650
Deferred Gain on Sale	1,716			4,982	6,698
	<u>1,641</u>			<u>2,160</u>	<u>3,801</u>
Other income (loss):					
Interest	6,683				6,683
Equity in loss of equity investees	(4,291)				(4,291)
Gain on debt extinguishment	4,392				4,392
Gain on condemnation award	4,800				4,800
	<u>11,584</u>				<u>11,584</u>
Other expense:					
Interest	38,943	(744)	(2,060)	(1,553)	34,586
Depreciation	21,199	(390)	(1,395)		19,414
Provision for asset impairment	4,713				4,713
Discount on sale of note receivable	104				104
Advisory fee to affiliates	4,935	(185)	(420)	(169)	4,161
General and administrative	9,149				9,149
Loss on foreign currency translation	3,309				3,309
Minority interest	(2,230)		1,064		(1,166)
	<u>80,122</u>	<u>(1,319)</u>	<u>(7,326)</u>	<u>(1,920)</u>	<u>74,270</u>
Net income (loss) from continuing operations	<u>\$ (26,078)</u>	<u>\$ 389</u>	<u>\$ 2,271</u>	<u>\$ 4,336</u>	<u>\$ (23,795)</u>
Basic and Diluted Earnings Per Share:					
Net Loss from Continuing Operations	<u>\$ (3.23)</u>				<u>\$ (2.95)</u>
Weighted Average Common Shares Used in Computing Earnings Per Share					
	<u>8,078,108</u>				<u>8,078,108</u>

(1) The proforma combined Statement of Operations assumes that each property was sold by TCI on January 1, 2003.

(2) Operating results for properties are their actual operating results from January 1 to their respective dates of sale. Rents, property operations, interest expense and depreciation for non-land properties sold prior to April 1, 2003 were excluded from the actual results of continuing operations at December 31, 2003.

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- (3) TCI's land operations were not separately disclosed in the Consolidated Statement of Operations for the year ending December 31, 2003.
- (4) Includes the Cliffs of El Dorado and Sandstone Apartments sold in May 2004, and the Waters Edge IV Apartments sold in June 2004.
- (5) Includes Countryside Retail and Harmon, Brandeis and Odgen Industrial sold in February 2004, K-Mart, Texstar Warehouse and the Pinewood Warehouse (Kelly) sold in March 2004, the Atrium sold in May 2004, 4135 Beltline sold in June 2004 and the Cash Road Warehouse (Kelly) sold in July 2004.
- (6) Includes Red Cross sold in January 2004, Allen sold in March 2004 and Rasor sold in August 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRANSCONTINENTAL REALTY INVESTORS, INC.

Date: August 24, 2004

By: /s/ J. C. Lowenberg III

J. C. Lowenberg III
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Acting Principal Executive
Officer)

Date: August 24, 2004

By: /s/ Scott T. Lewis

Scott T. Lewis
Vice President and Chief Accounting Officer