

MAUI LAND & PINEAPPLE CO INC  
Form 10-Q  
May 06, 2009

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

**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 **MARCH 31, 2009**

**OR**

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

Commission file number **001-06510**

**MAUI LAND & PINEAPPLE COMPANY, INC.**

(Exact name of registrant as specified in its charter)

**HAWAII**  
(State or other jurisdiction  
of incorporation or organization)

**99-0107542**  
(IRS Employer  
Identification No.)

**161 SOUTH WAKEA AVENUE, P. O. BOX 187, KAHULUI, MAUI, HAWAII 96733-6687**

(Address of principal executive offices)

Registrant's telephone number, including area code: **(808) 877-3351**

**NONE**

(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 (§232.405 of this chapter) during the preceding 12 months

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(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.

Large accelerated  
filer       Accelerated  
filer       Non-accelerated  
filer       Smaller reporting  
company   
(Do not check if a  
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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 1, 2009
Common Stock, no par value	8,157,988 shares

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Table of Contents

MAUI LAND & PINEAPPLE COMPANY, INC.  
AND SUBSIDIARIES

TABLE OF CONTENTS

	<b>Page</b>
<u>PART I. FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements (unaudited)</u>	3
<u>Condensed Consolidated Statements of Operations,</u> <u>Three Months Ended March 31, 2009 and 2008</u>	3
<u>Condensed Consolidated Balance Sheets, March 31, 2009 and December 31, 2008</u>	4
<u>Condensed Consolidated Statements of Stockholders' Equity,</u> <u>Three Months Ended March 31, 2009 and 2008</u>	5
<u>Condensed Consolidated Statements of Cash Flows,</u> <u>Three Months Ended March 31, 2009 and 2008</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of</u> <u>Operations</u>	17
<u>Forward-Looking Statements and Risks</u>	27
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	28
<u>Item 4. Controls and Procedures</u>	28
<u>PART II. OTHER INFORMATION</u>	29
<u>Item 1A. Risk Factors</u>	29
<u>Item 5. Other Information</u>	29
<u>Item 6. Exhibits</u>	30
<u>Signature</u>	31

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)**

	<b>Three Months Ended</b>	
	<b>3/31/09</b>	<b>3/31/08</b>
	<b>(in thousands except share amounts)</b>	
<b>Operating Revenues</b>		
Product revenues	\$ 8,248	\$ 15,272
Service revenues	7,349	10,097
<b>Total Operating Revenues</b>	<b>15,597</b>	<b>25,369</b>
<b>Operating Costs and Expenses</b>		
Cost of product revenues	5,998	10,168
Cost of service revenues	9,938	9,964
Shipping and marketing	2,234	3,806
General and administrative	7,842	10,170
<b>Total Operating Costs and Expenses</b>	<b>26,012</b>	<b>34,108</b>
<b>Operating Loss</b>	<b>(10,415)</b>	<b>(8,739)</b>
Equity in income (losses) of affiliates	(1,130)	9,375
Interest expense	(1,476)	(1,481)
Interest income	183	244
<b>Loss Before Income Taxes</b>	<b>(12,838)</b>	<b>(601)</b>
Income Tax Expense (Benefit)	385	(187)
<b>Net Loss</b>	<b>\$(13,223)</b>	<b>\$ (414)</b>
<b>Loss Per Common Share</b>		
Basic	\$ (1.65)	\$ (0.05)
Diluted	\$ (1.65)	\$ (0.05)

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	3/31/09	12/31/08
	(in thousands)	
<i>ASSETS</i>		
Current Assets		
Cash and cash equivalents	\$ 3,059	\$ 13,668
Accounts and notes receivable	6,064	5,509
Refundable income taxes	4,662	4,662
Inventories	10,461	9,737
Real estate held for sale	19,357	18,963
Other current assets	1,282	600
<b>Total current assets</b>	<b>44,885</b>	<b>53,139</b>
Property	210,461	212,242
Accumulated depreciation	(98,036)	(96,002)
Property net	112,425	116,240
Investments in affiliates	40,473	41,683
Other assets	33,794	37,138
<b>Total</b>	<b>\$231,577</b>	<b>\$248,200</b>
<i>LIABILITIES AND STOCKHOLDERS' EQUITY</i>		
Current Liabilities		
Current portion of long-term debt and capital lease obligations	\$ 56,078	\$ 46,050
Trade accounts payable	7,151	8,183
Other current liabilities	12,869	13,351
<b>Total current liabilities</b>	<b>76,098</b>	<b>67,584</b>
Non-Current Liabilities		
Long-term debt and capital lease obligations	33,883	90,941
Accrued retirement benefits	41,361	43,798
PGC obligation (Note 9)	48,134	
Other non-current liabilities	13,423	14,189
<b>Total non-current liabilities</b>	<b>136,801</b>	<b>148,928</b>
Commitments and Contingencies (Note 16)		
Stockholders' Equity		
Common stock, no par value 23,000,000 shares authorized, 8,023,943 and 8,021,248 issued and outstanding	34,868	34,791
Additional paid-in capital	8,499	8,363
Retained earnings (Accumulated deficit)	(6,665)	6,558
Accumulated other comprehensive loss	(18,024)	(18,024)
<b>Stockholders' Equity</b>	<b>18,678</b>	<b>31,688</b>
<b>Total</b>	<b>\$231,577</b>	<b>\$248,200</b>

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See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

**MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(UNAUDITED)**

**For the Three Months Ended March 31, 2009 and 2008**

	Common Stock		Additional Paid in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
(in thousands)						
<b>Balance, January 1, 2009</b>	8,021	\$34,791	\$ 8,363	\$ 6,558	\$ (18,024)	\$ 31,688
Stock compensation expense			213			213
Vested restricted stock issued	3	77	(77)			
Net loss				(13,223)		(13,223)
<b>Balance, March 31, 2009</b>	8,024	\$34,868	\$ 8,499	\$ (6,665)	\$ (18,024)	\$ 18,678
<b>Balance, January 1, 2008</b>	7,959	\$34,168	\$ 6,769	\$ 90,576	\$ (1,246)	\$ 130,267
Cumulative impact of adoption of EITF No. 06-8, net of tax				(4,622)		(4,622)
Stock option exercises	1	14				14
Stock compensation expense			638			638
Vested restricted stock issued	2	74	(74)			
Shares cancelled to pay tax liability	(4)	(105)				(105)
Net loss				(414)		(414)
<b>Balance, March 31, 2008</b>	7,958	\$34,151	\$ 7,333	\$ 85,540	\$ (1,246)	\$ 125,778

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents

**MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	<b>Three Months Ended</b>	
	<b>3/31/09</b>	<b>3/31/08</b>
	<b>(in thousands)</b>	
Net Cash Used in Operating Activities	\$ (9,896)	\$ (15,368)
Investing Activities		
Purchases of property	(241)	(4,614)
Contributions to affiliates		(7,756)
Other	(497)	(2,941)
Net Cash Used in Investing Activities	(738)	(15,311)
Financing Activities		
Payments of long-term debt and capital lease obligations	(48,115)	(2,506)
Proceeds from long-term debt		34,000
Stock compensation exercises		14
Debt issuance cost and other	(380)	
Net proceeds from PGC sale (Note 9)	48,520	
Net Cash Provided by Financing Activities	25	31,508
Net Increase (Decrease) in Cash and Cash Equivalents	(10,609)	829
Cash and Cash Equivalents at Beginning of Period	13,668	1,991
Cash and Cash Equivalents at End of Period	\$ 3,059	\$ 2,820

Supplemental Disclosures of Cash Flow Information Interest (net of amounts capitalized) of \$2,312,000 and \$861,000 was paid during the three months ended March 31, 2009 and 2008, respectively. Income taxes of \$(291,000) and \$10,000 were (refunded) paid during the three months ended March 31, 2009 and 2008, respectively.

**Supplemental Non-Cash Investing and Financing Activities**

Property acquired under capital leases was \$322,000 and \$25,000 during the three months ended March 31, 2009 and 2008, respectively.

Amounts included in trade accounts payable for additions to property and for other investing and financing activities totaled \$1,419,000 and \$3,315,000 at March 31, 2009 and 2008, respectively.

Net cash sales proceeds of \$2.5 million were deposited directly with a qualified exchange intermediary for reinvestment on a tax-deferred basis during the three months ended March 31, 2008 and was included in other noncurrent assets on the consolidated balance sheet at March 31, 2008.

See accompanying Notes to Condensed Consolidated Financial Statements.





Table of Contents

**MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

1.

The accompanying unaudited condensed consolidated financial statements have been prepared by Maui Land & Pineapple Company, Inc. (together with its subsidiaries, the "Company") in accordance with generally accepted accounting principles for interim financial information that are consistent in all material respects with those applied in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and pursuant to the instructions to Form 10-Q and Article 10 promulgated by Regulation S-X of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and notes to financial statements required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying condensed consolidated financial statements contain all normal and recurring adjustments necessary to fairly present the financial position, results of operations and cash flows for the interim periods ended March 31, 2009 and 2008. The financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-K for the fiscal year ended December 31, 2008.

**LIQUIDITY**

The Company incurred a net loss of \$13.2 million and had negative cash flows from operations of \$9.9 million for the three months ended March 31, 2009. At March 31, 2009, the Company had amounts outstanding under borrowing agreements of approximately \$98 million; and approximately \$14.5 million available under existing lines of credit and \$3.1 million in cash and cash equivalents. In March 2010, \$55 million of borrowings under the Company's two available lines of credit is scheduled to mature. The lines of credit have financial covenants requiring a minimum of \$10 million in liquidity and a limitation on new indebtedness. Failure to satisfy any of the covenants or to otherwise default under either of the credit agreements could result in the outstanding borrowings becoming immediately due, which could result in a default under the other credit agreement as well as the \$40 million senior secured conve