

ALICO INC
Form 10-Q
August 10, 2009

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**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 June 30, 2009**
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: 0-261
Alico, Inc.
(Exact name of registrant as specified in its charter)**

Florida

59-0906081

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

*(I.R.S. Employer
Identification No.)*

P.O. Box 338, LaBelle, FL

33975

(Address of principal executive offices)

(Zip Code)

*Registrant's telephone number, including area code: **863-675-2966***

N/A

(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 (paragraph 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. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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**

There were 7,370,043 shares of common stock, par value \$1.00 per share, outstanding at August 2, 2009.

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Alico, Inc.
Form 10-Q
For the quarter ended June 30, 2009

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Part I. Financial Information
Item 1. Financial Statements

ALICO, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

	Three months ended June 30,		Nine months ended June 30,	
	2009	2008	2009	2008
Operating revenue				
Agricultural operations	\$ 30,424	\$ 41,535	\$ 80,905	\$ 107,102
Non-agricultural operations	757	611	2,544	2,009
Real estate operations		1	1,372	3,870
Total operating revenue	31,181	42,147	84,821	112,981
Operating expenses				
Agricultural operations	26,873	35,292	76,010	94,023
Non-agricultural operations	334	204	907	448
Real estate operations	231	294	819	1,727
Total operating expenses	27,438	35,790	77,736	96,198
Gross profit	3,743	6,357	7,085	16,783
Corporate general and administrative	1,671	3,568	7,483	10,365
Profit (loss) from continuing operations	2,072	2,789	(398)	6,418
Other income (expenses):				
Profit on sales of bulk real estate, net			1,546	817
Interest and investment income (loss), net	(151)	1,184	826	6,582
Interest expense	(1,122)	(1,400)	(4,459)	(4,969)
Other	(33)	97	6,985	82
Total other income (expense) net	(1,306)	(119)	4,898	2,512
Income from continuing operations before income taxes	766	2,670	4,500	8,930
Provision for (benefit from) income taxes	157	(3,129)	2,010	(752)
Income from continuing operations	609	5,799	2,490	9,682
Loss from discontinued operations, net of taxes		(816)		(927)
Net income	\$ 609	\$ 4,983	\$ 2,490	\$ 8,755

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Weighted-average number of shares outstanding	7,367	7,364	7,368	7,364
Weighted-average number of shares outstanding assuming dilution	7,370	7,389	7,374	7,383
Per share amounts- income from continuing operations:				
Basic	\$ 0.08	\$ 0.79	\$ 0.34	\$ 1.31
Diluted	\$ 0.08	\$ 0.78	\$ 0.34	\$ 1.31
Per share amounts- net income				
Basic	\$ 0.08	\$ 0.68	\$ 0.34	\$ 1.19
Diluted	\$ 0.08	\$ 0.67	\$ 0.34	\$ 1.19
Dividends	\$ 0.14	\$ 0.28	\$ 0.55	\$ 0.83
See accompanying Notes to Condensed Consolidated Financial Statements.				

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ALICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	(Unaudited) June 30, 2009	September 30, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,465	\$ 54,370
Investments	3,404	24,267
Accounts receivable, net	4,245	5,394
Federal income tax receivable	4,200	6,388
Mortgages and notes receivable	72	2,830
Inventories	16,295	27,451
Deferred tax asset	1,630	1,507
Other current assets	822	923
Total current assets	56,133	123,130
Mortgages and notes receivable, net of current portion	7,271	4,774
Investments, deposits and other non-current assets	9,606	6,975
Deferred tax assets	6,054	6,056
Cash surrender value of life insurance, designated	5,815	7,585
Property, buildings and equipment	183,252	181,429
Less: accumulated depreciation	(58,639)	(56,017)
Total assets	\$ 209,492	\$ 273,932

(continued)

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ALICO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (continued)
(in thousands)

	(Unaudited) June 30, 2009	September 30, 2008
LIABILITIES & STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 2,252	\$ 1,847
Income taxes payable		281
Notes payable	5,051	5,470
Accrued expenses	2,977	3,372
Dividend payable	1,013	2,027
Accrued ad valorem taxes	1,408	2,270
Other current liabilities	924	2,933
Total current liabilities	13,625	18,200
Notes payable, net of current portion	76,281	132,288
Deferred retirement benefits, net of current portion	3,186	4,151
Commissions and deposits payable	2,616	3,800
Total liabilities	95,708	158,439
Stockholders equity:		
Common stock	7,377	7,376
Additional paid in capital	9,552	9,474
Treasury stock	(376)	(64)
Accumulated other comprehensive income (loss)	7	(92)
Retained earnings	97,224	98,799
Total stockholders equity	113,784	115,493
Total liabilities and stockholders equity	\$ 209,492	\$ 273,932

See accompanying Notes to Condensed Consolidated Financial Statements.

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ALICO, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine months ended June 30,	
	2009	2008
Net cash provided by operating activities	\$ 18,596	\$ 26,622
Cash flows from investing activities:		
Purchases of property and equipment	(5,141)	(4,418)
Purchases of investments	(9,127)	(40,654)
Proceeds from sales of property and equipment	466	1,478
Proceeds from sales of investments	26,948	48,318
Note receivable collections	1,776	2,844
Net cash provided by investing activities	14,922	7,568
Cash flows from financing activities:		
Principal payments on notes payable	(80,462)	(37,232)
Proceeds from notes payable	24,036	21,959
Proceeds from stock option exercises	16	31
Treasury stock purchases	(934)	(1,196)
Dividends paid	(5,079)	(6,073)
Net cash used for financing activities	(62,423)	(22,511)
Net (decrease) increase in cash and cash equivalents	\$ (28,905)	\$ 11,679
Cash and cash equivalents:		
At beginning of period	\$ 54,370	\$ 31,599
At end of period	\$ 25,465	\$ 43,278
Supplemental disclosures of cash flow information		
Cash paid for interest, net of amount capitalized	\$ 4,818	\$ 6,664
Cash paid for income taxes	\$ 1,482	\$
Supplemental schedule of non-cash investing activities:		
Reclassification of breeding herd to property and equipment	\$ 552	\$ 458

See accompanying notes to Condensed Consolidated Financial Statements.

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ALICO, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands except for per share data)

1. Basis of financial statement presentation:

The accompanying condensed consolidated financial statements (Financial Statements) include the accounts of Alico, Inc. (Alico) and its wholly owned subsidiaries, Alico Land Development, Inc., Agri-Insurance Company, Ltd. (Agri), Alico-Agri, Ltd., Alico Plant World, LLC and Bowen Brothers Fruit, LLC (Bowen) (collectively referred to as the Company) after elimination of all significant intercompany balances and transactions.

The following Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with United States generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations. The Company believes that the disclosures made are adequate to make the information not misleading.

The accompanying unaudited condensed consolidated financial statements have been prepared on a basis consistent with the accounting principles and policies reflected in the Company s annual report for the fiscal year ended September 30, 2008. In the opinion of Management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of its consolidated financial position at June 30, 2009 and September 30, 2008 and the consolidated results of operations and cash flows for the three and nine month periods ended June 30, 2009 and 2008.

The Company is involved in agriculture, which is of a seasonal nature and subject to the influence of natural phenomena and wide price fluctuations. The results of operations for the stated periods are not necessarily indicative of results to be expected for the full year. Certain items from 2008 have been reclassified to conform to the 2009 presentation.

Table of Contents**2. Investments, deposits and other non-current assets:**

The Company's investments, deposits and other non-current assets consisted of the following:

	June 30, 2009 (Unaudited)			September 30, 2008		
	Current	Non-current	Total	Current	Non-current	Total
Auction rate municipal bonds	\$	\$ 3,841	\$ 3,841	\$ 20,591	\$ 2,755	\$ 23,346
Auction rate mutual funds (municipals)		1,111	1,111		1,325	1,325
U.S. Treasury notes and bonds				1,599		1,599
Corporate bonds	2,008		2,008	140		140
Certificates of deposit	1,396	117	1,513	1,937		1,937
Available for sale securities	3,404	5,069	8,473	24,267	4,080	28,347
Cooperative retains receivable, net		1,252	1,252		1,095	1,095
Stock in agricultural cooperatives		732	732		804	804
Escrowed funds		150	150		150	150
Intangibles		614	614		629	629
Tax certificates		1,305	1,305			
Other		484	484		217	217
Total	\$ 3,404	\$ 9,606	\$ 13,010	\$ 24,267	\$ 6,975	\$ 31,242

The Company reports available for sales securities at estimated fair value. Unrealized gains and losses occurring solely due to changes in market interest rates are recorded as other comprehensive income, net of related deferred taxes, until realized. During the quarter ended June 30, 2009, the Company recognized losses totaling \$213 thousand which were determined to be other than temporary impairments in fair values. These losses related to the auction rate municipal bonds and mutual funds held by the Company, for which there is not currently an active market. The cost and estimated fair value of available for sale securities at June 30, 2009 and September 30, 2008 were as follows:

	June 30, 2009 (Unaudited)			September 30, 2008			
	Cost	Gross Unrealized Gains	Estimated Fair Value	Cost	Gross Unrealized Gains	Losses	Estimated Fair Value
Municipal bonds	\$ 3,841	\$	\$ 3,841	\$ 23,493	\$ 3	\$ (150)	\$ 23,346
Certificates of Deposit	1,513		1,513	1,937			1,937
US Treasury Notes & Bonds				1,592	7		1,599
Mutual Funds	1,111		1,111	1,325			1,325
Corporate bonds	2,001	7	2,008	150		(10)	140

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Total	\$ 8,466	\$ 7	\$	\$ 8,473	\$ 28,497	\$ 10	\$ (160)	\$ 28,347
Non current portion				(5,069)				(4,080)
Current				\$ 3,404				\$ 24,267

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The aggregate fair value of investments in debt instruments (net of mutual funds of \$1,111) as of June 30, 2009 by contractual maturity date consisted of the following:

Due within 1 year	\$	1,396
Due between 1 and 2 years		2,008
Due between 2 and 3 years		
Due between 3 and 4 years		
Due between 4 and 5 years		
Due beyond five years		3,958
Total	\$	7,362

There were no gross unrealized losses that were deemed to be temporarily impaired at June 30, 2009.

Table of Contents**3. Mortgages and notes receivable:**

The balances of the Company's mortgages and notes receivable were as follows:

	June 30, 2009 (unaudited)	September 30, 2008
Mortgage notes receivable on retail land sales	\$ 186	\$ 205
Mortgage notes receivable on bulk land sales	52,320	54,108
Note receivable- other	86	90
Total mortgage and notes receivable	52,592	54,403
Less: Deferred revenue	(45,246)	(46,793)
Discount on notes to impute market interest	(3)	(6)
Current portion	(72)	(2,830)
Non-current portion	\$ 7,271	\$ 4,774

The mortgage note receivable on bulk land sales relates to a parcel in Lee County, Florida referred to as the East parcel which was sold to the Ginn Companies (Ginn). In July 2005, Alico's subsidiary, Alico-Agri, entered into a sales contract for the East property, consisting of approximately 4,538 acres for a total sales price of \$62.9 million. At the time of the sale, Alico-Agri received a down payment of \$6.2 million and a mortgage note of \$56.6 million in exchange for the East parcel.

Alico-Agri records real estate sales following the provisions in Financial Accounting Standards Board, or FASB, Statement of Financial Accounting Standards No. 66, Accounting for Sales of Real Estate. Under these guidelines, gains from commercial or bulk land sales are not recognized until payments received for property to be developed within two years after the sale represent a 20% continuing interest in the property or for property to be developed after two years, a 25% continuing interest in the property according to the installment sales method. The continuing interest thresholds for gain recognition have not been met for the East contract and Alico-Agri is recognizing gains proportionate to principal receipts through deferred gain accounts which serve to discount the mortgage note receivables under the installment method.

In November 2008, Alico-Agri received a principal payment of \$1.8 million on the East contract. Alico-Agri recognized a profit of \$1.5 million as non-operating revenue under the installment method related to the receipt. Additionally during the quarter ended December 31, 2008, the Company recognized \$1.2 million of operating revenue upon the expiration of an option contract that had previously been deferred.

Interest was scheduled to accrue on the unpaid balance of the note and be paid in quarterly installments. The note was scheduled to bear interest at HSH LIBOR plus 150 basis points from September 29, 2008 to September 28, 2009, HSH LIBOR plus 200 basis points from September 29, 2009 to September 28, 2010 and HSH LIBOR plus 250 basis points thereafter until the note is paid in full.

In April 2009, the purchaser defaulted on the East parcel contract. Under the terms of the contract, a quarterly interest payment of \$283 thousand was due on March 30, 2009 but the payment was not received. Alico-Agri has initiated foreclosure proceedings and ceased accruing interest on the note at March 31, 2009. A development order for the property allows up to 336 residential units. Pursuant to the contract, Ginn is entitled to receive a release of 399 acres in exchange for prior principal payments. When the foreclosure becomes final, the net mortgage note receivable of \$7.1 million (consisting of the note balance of \$52.3 million less deferred revenue of \$45.2 million), plus accrued interest through March 31, 2009 of \$0.3 million, reduced by the associated commissions payable account of \$2.6 million will be reclassified as basis in the property.

Table of Contents**4. Inventories:**

A summary of the Company's inventories is shown below:

	June 30, 2009 (unaudited)	September 30, 2008
Unharvested fruit crop on trees	\$ 10,702	\$ 14,322
Unharvested sugarcane	1,508	5,978
Beef cattle	3,464	5,065
Unharvested sod	320	449
Plants and vegetables	270	1,563
Rock, fill and other	31	74
Total inventories	\$ 16,295	\$ 27,451

The following schedule details net realizable value adjustments to the Company's inventories for the periods reported. All adjustments to inventory resulted from changing market conditions for the respective crops and were realized as cost of sales in the period of adjustment (unaudited):

	Three months ended June 30,		Nine months ended June 30,	
	2009	2008	2009	2008
Unharvested citrus	\$	\$	\$ 878	\$
Unharvested sugarcane	716		1,286	
Beef cattle		549	1,011	1,552
Unharvested sod		461	538	461
Unharvested vegetables			658	261
Rock, fill and other				
Total	\$ 716	\$ 1,010	\$ 4,371	\$ 2,274

Table of Contents**5. Income taxes:**

The provision for income taxes for the three and nine months ended June 30, 2009 and June 30, 2008 is summarized as follows (unaudited):

	Three months ended June 30, 2009			Nine months ended June 30, 2009		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Current						
Federal	\$ 134	\$	\$ 134	\$ 1,755	\$	\$ 1,755
State	23		23	433		433
Total current	157		157	2,188		2,188
Deferred						
Federal				(121)		(121)
State				(57)		(57)
Total deferred				(178)		(178)
Total Provision	\$ 157	\$	\$ 157	\$ 2,010	\$	\$ 2,010

	Three months ended June 30, 2008			Nine months ended June 30, 2008		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Current						
Federal	\$ (380)	\$ (420)	\$ (800)	\$ 1,414	\$ (477)	\$ 937
State	546	(77)	469	865	(87)	778
Total current	166	(497)	(331)	2,279	(564)	1,715
Deferred						
Federal	(2,431)		(2,431)	(2,529)		(2,529)
State	(864)		(864)	(502)		(502)
Total deferred	(3,295)		(3,295)	(3,031)		(3,031)
Total Provision	\$ (3,129)	\$ (497)	\$ (3,626)	\$ (752)	\$ (564)	\$ (1,316)

The Internal Revenue Service (IRS) is currently auditing Alico s amended tax returns for the fiscal years ended August 31, 2007, 2006 and 2005 and the short period return filed for the transition month ended September 30, 2007. Alico has extended the statute of limitations on the originally filed 2005 tax return to June 30, 2010 pursuant to a request by IRS Exams.

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The following table reflects outstanding debt under the Company's various loan agreements:

	Revolving line of credit	Term note	Mortgage note payable	All other	Total
June 30, 2009					
Principal balance outstanding	28,540	46,749	6,017	26	81,332
Remaining available credit	46,460				46,460
Effective interest rate	2.80%	6.79%	6.68%	Various	
Scheduled maturity date	Aug. 2012	Sept. 2018	Mar. 2014	Various	
Collateral	Real Estate	Real Estate	Real Estate	Various	
September 30, 2008					
Principal balance outstanding	80,740	50,000	6,967	51	137,758
Remaining available credit	44,260				44,260
Effective interest rate	4.25%	6.79%	6.68%	Various	
Scheduled maturity date	Aug. 2011	Sept. 2018	Mar. 2014	Various	
Collateral	Real Estate	Real Estate	Real Estate	Various	

Alico, Inc. has a Term Note, a Mortgage and a Revolving Line of Credit (RLOC) with Farm Credit of Southwest Florida. All three agreements are cross collateralized by 7,680 acres of real estate in Hendry County used for farm leases, sugarcane and citrus production. The Term Note and Revolving Line of Credit are additionally collateralized by 43,847 acres of real estate in Hendry County used for cattle ranching, farm and recreational leases.

The Term Note calls for equal payments of principal and interest of \$1.7 million per quarter over a ten year term until maturity. The Mortgage note calls for monthly principal payments of \$106 thousand plus accrued interest until maturity.

On March 30, 2009 the Company modified its RLOC with Farm Credit of Southwest Florida. According to the terms of the modification, the total availability of funds pursuant to the RLOC was reduced from \$125 million to \$75 million. Additionally, several covenants were modified as follows: a) the covenant requiring the Company to maintain stockholder equity of at least \$110 million was eliminated in its entirety b) the minimum current ratio was increased to 2.5 to 1 from 2.0 to 1 and c) the fixed charge coverage ratio was replaced by a debt coverage ratio requiring the Company to maintain a debt coverage of not less than 1.10 to 1 on a rolling four quarter basis. The maturity date of the RLOC was extended from August 1, 2011 to August 1, 2012. The interest rate index was changed from 3 month LIBOR to 1 month LIBOR, and the interest rate spreads increased by 100 basis points. The Company also pledged an additional 10,147 acres of real estate in Hendry County, Florida bringing the total acres pledged to 51,527. In addition to the covenants discussed above, the agreements set limitations on the extension of loans or additional borrowings by Alico or any subsidiary. The covenants also restrict Alico's activities regarding investments, liens, borrowing and leasing. The RLOC provides \$75.0 million which may be used for general corporate purposes including: (i) the normal operating needs of Alico and its operating divisions, (ii) the purchase of capital assets and (iii) the payment of dividends. The Revolving Line of Credit also allows for an annual extension at the lender's option. The Company's Chairman of the Board of Directors, John R. Alexander, was a member of the Board of Directors of the Company's primary lender, Farm Credit of Southwest Florida from 1992 to April 2009. During his tenure, Mr. Alexander abstained from voting on matters that directly affected the Company.

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Maturities of the Company's debt were as follows:

	June 30, 2009
Due within 1 year	\$ 5,051
Due between 1 and 2 years	5,305
Due between 2 and 3 years	5,580
Due between 3 and 4 years	34,424
Due between 4 and 5 years	5,885
Due beyond five years	25,087
Total	\$ 81,332

Interest costs expensed and capitalized to property, buildings and equipment were as follows (unaudited):

	Three months ended June 30,		Nine months ended June 30,	
	2009	2008	2009	2008
Interest expense	\$ 1,122	\$ 1,400	\$ 4,459	\$ 4,969
Interest capitalized	11	11	38	26
Total interest cost	\$ 1,133	\$ 1,411	\$ 4,497	\$ 4,995

As an agricultural credit cooperative, Farm Credit of Southwest Florida is owned by the member-borrowers who purchase stock and earn participation certificates in the cooperative. Allocations of patronage are made to members on an annual basis according to the proportionate amount of interest paid by the member. Allocations are made in cash and non-cash participation certificates. The Company reduced its interest expense by \$34 thousand and \$101 thousand during the three and nine months ended June 30, 2009, respectively, and by \$1.0 million during the three and nine months ended June 30, 2008, respectively for patronage allocations. Patronage receivable is included with investments, deposits and other non-current assets.

7. Discontinued Operations:

Effective June 30, 2008, the Company ceased operating its Alico Plant World facility. The Company is currently leasing the Alico Plant World facilities to a commercial greenhouse operator and has also sold a portion of the equipment used to operate the greenhouse. The results of Alico Plant World's operations have been reported as discontinued operations.

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8. Disclosures about reportable segments:

Alico has six reportable segments: Bowen, Citrus Groves, Sugarcane, Cattle, Real Estate and Leasing. Alico's operations are located in Florida. Alico accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices. Descriptions of the various activities of the segments are described fully in the Company's annual report on Form 10-K.

Although the Vegetable segment does not meet the quantitative thresholds to be considered as a reportable segment, information about this segment may be useful and has been included in the schedules below. For a description of the business activities of the Vegetable segment please refer to Item 1 of the Company's most recent annual report on Form 10-K.

The following tables summarize the performance of the Company's segments for the unaudited three and nine month periods ended June 30, 2009 and 2008, and the related assets and depreciation at June 30, 2009 (unaudited) and September 30, 2008:

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	Three months ended June 30,		Nine months ended June 30,	
	2009	2008	2009	2008
Revenues (from external customers except as noted)				
Bowen	\$ 10,818	\$ 17,451	\$ 27,461	\$ 44,294
Intersegment sales through Bowen	3,305	4,109	8,274	9,667
Citrus groves	14,876	17,528	35,698	40,679
Sugarcane	307	1,581	7,368	9,341
Cattle	2,838	3,049	5,207	6,451
Real estate		1	1,372	3,870
Leasing	703	504	2,249	1,617
Vegetables	1,378	1,522	4,670	5,460
Revenue from segments	34,225	45,745	92,299	121,379
Other operations	261	511	796	1,269
Less: intersegment revenues eliminated	(3,305)	(4,109)	(8,274)	(9,667)
Total operating revenue	\$ 31,181	\$ 42,147	\$ 84,821	\$ 112,981
Operating expenses				
Bowen	9,960	16,595	25,862	42,579
Intersegment sales through Bowen	3,305	4,109	8,274	9,667
Citrus groves	10,851	11,476	27,205	27,625
Sugarcane	723	1,622	9,703	9,240
Cattle	2,705	3,412	6,092	7,741
Real estate	231	294	819	1,727
Leasing	311	146	830	315
Vegetables	2,417	1,392	6,641	5,505
Segment operating expenses	30,503	39,046	85,426	104,399
Other operations	240	853	584	1,466
Less: intersegment expenses eliminated	(3,305)	(4,109)	(8,274)	(9,667)
Total operating expenses	\$ 27,438	\$ 35,790	\$ 77,736	\$ 96,198
Gross profit (loss):				
Bowen	858	856	1,599	1,715
Citrus groves	4,025	6,052	8,493	13,054
Sugarcane	(416)	(41)	(2,335)	101
Cattle	133	(363)	(885)	(1,290)
Real estate	(231)	(293)	553	2,143
Leasing	392	358	1,419	1,302
Vegetables	(1,039)	130	(1,971)	(45)

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Gross profit from segments	3,722	6,699	6,873	16,980
Other	21	(342)	212	(197)
Gross Profit	\$ 3,743	\$ 6,357	\$ 7,085	\$ 16,783

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	Three months ended		Nine months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Depreciation, depletion and amortization:				
Bowen	\$ 87	\$ 89	\$ 263	\$ 267
Citrus groves	535	555	1,598	1,666
Sugarcane	324	392	1,178	1,321
Cattle	411	461	1,251	1,402
Leasing	58	23	151	67
Vegetable	54	38	154	97
Total segment depreciation and amortization	1,469	1,558	4,595	4,820
Other depreciation, depletion and amortization	248	455	1,065	1,370
Total depreciation, depletion and amortization	\$ 1,717	\$ 2,013	\$ 5,660	\$ 6,190

	June 30,	September 30,
	2009	2008
	(unaudited)	
Total assets:		
Bowen	\$ 2,025	\$ 2,581
Citrus groves	44,304	49,201
Sugarcane	41,992	43,525
Cattle	16,880	18,343
Leasing	4,569	2,370
Vegetables	3,061	4,213
Segment assets	112,831	120,233
Other Corporate assets	96,661	153,699
Total assets	\$ 209,492	\$ 273,932

9. Stock Compensation Plans:

The Board of Directors of the Company may grant options, stock appreciation rights, and/or restricted stock to certain directors and employees. No stock options or stock appreciation rights were granted during the nine months ended June 30, 2009 or 2008.

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is recognized over the period during which an employee is required to provide service in exchange for the award (usually the vesting period). If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

In fiscal year 2006, the Company began granting restricted shares to certain key employees as long term incentives. The restricted shares vest in accordance with the terms and description outlined in the tables following. The payment of each installment is subject to continued employment with the Company. At June 30, 2009 and September 30, 2008 there were 31,278 and 27,707 restricted shares, respectively, vested in accordance with these grants.

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The following table summarizes the Company's restricted share awards granted to date including compensation expense related to such grants for the nine month periods ended June 30, 2009 and 2008:

Grant Date	Shares Granted	Fair Market Value on Date of Grant	Compensation Expense Recognized for 2009	Compensation Expense Recognized for 2008	Weighted Average Grant date Fair value Per share
April 2006	20,000	\$ 908		129	
October 2006	20,000	1,239		453	
January 2008	25,562	1,040	185	417	
September 2008	7,500	331	72		