

Motorola Mobility Holdings, Inc
Form 10-Q
October 27, 2011
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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 period ended October 1, 2011

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: 001-34805

MOTOROLA MOBILITY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

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DELAWARE

27-2780868

(State of Incorporation)

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

600 N. U.S. Highway 45

60048

Libertyville, Illinois 60048

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code:

(847) 523-5000

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 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

The number of shares outstanding of each of the issuer's classes of common stock as of the close of business on October 1, 2011:

Class	Number of Shares
Common Stock; \$.01 Par Value	299,487,006

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Part I Financial Information**Motorola Mobility Holdings, Inc. and Subsidiaries****Condensed Consolidated Statements of Operations****(Unaudited)**

<i>(In millions, except per share amounts)</i>	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<i>October 1, 2011</i>	<i>October 2, 2010</i>	<i>October 1, 2011</i>	<i>October 2, 2010</i>
Net revenues	\$3,259	\$2,946	\$9,628	\$8,035
Costs of sales	2,415	2,155	7,165	5,985
Gross margin	844	791	2,463	2,050
Selling, general and administrative expenses	426	385	1,299	1,141
Research and development expenditures	390	373	1,142	1,112
Other charges (income)	33	27	86	(153)
Operating earnings (loss)	(5)	6	(64)	(50)
Other income (expense):				
Interest income (expense), net	7	(11)	10	(40)
Gains on sales of investments	2		12	
Other, net	(6)	(2)	(28)	(24)
Total other income (expense)	3	(13)	(6)	(64)
Loss before income taxes	(2)	(7)	(70)	(114)
Income tax expense	30	28	99	55
Net loss	(32)	(35)	(169)	(169)
Less: Loss attributable to non-controlling interests		(1)		(3)
Net loss attributable to Motorola Mobility Holdings, Inc.	\$(32)	\$(34)	\$(169)	\$(166)
<i>Loss per common share (Note 3):</i>				
Basic	\$(0.11)	\$(0.12)	\$(0.57)	\$(0.56)
Diluted	\$(0.11)	N/A	\$(0.57)	N/A
<i>Weighted average common shares outstanding:</i>				
Basic	297.7	294.3	296.1	294.3
Diluted	297.7	N/A	296.1	N/A

See accompanying notes to condensed consolidated financial statements (unaudited).

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Motorola Mobility Holdings, Inc. and Subsidiaries**Condensed Consolidated Balance Sheets****(Unaudited)**

<i>(In millions)</i>	<i>October 1, 2011</i>	<i>December 31, 2010</i>
ASSETS		
Cash and cash equivalents	\$3,078	\$
Accounts receivable, net	1,774	1,571
Inventories, net	746	843
Deferred income taxes	147	110
Other current assets	605	595
Total current assets	6,350	3,119
Cash deposits	160	
Property, plant and equipment, net	803	806
Investments	125	137
Deferred income taxes	50	49
Goodwill	1,431	1,396
Other assets	558	697
Total assets	\$9,477	\$6,204
LIABILITIES AND STOCKHOLDERS EQUITY		
Accounts payable	\$1,708	\$1,731
Accrued liabilities	2,234	2,115
Total current liabilities	3,942	3,846
Other liabilities	587	603
<i>Stockholders Equity</i>		
Common stock: \$.01 par value;	3	
Authorized shares: 900.0		
Issued shares: 300.0		
Outstanding shares: 299.5		
Additional paid-in capital	5,217	
Accumulated other comprehensive loss	(103)	(345)
Retained earnings (accumulated deficit)	(169)	
Owner's net investment, prior to Separation		2,077
Total Motorola Mobility Holdings, Inc. stockholders equity	4,948	1,732
Non-controlling interests		23
Total stockholders equity	4,948	1,755
Total liabilities and stockholders equity	\$9,477	\$6,204

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See accompanying notes to condensed consolidated financial statements (unaudited).

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Motorola Mobility Holdings, Inc. and Subsidiaries

Condensed Consolidated Statement of Stockholders' Equity

(Unaudited)

(In millions)	Shares	Common Stock and Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)				Owner's Net Investment, Prior to Separation	Non-Controlling Interest	Comprehensive Earnings (Loss)
			Fair Value Adjustment Available for Sale Securities, Net of Tax	Foreign Currency Translation Adjustments, Net of Tax	Retirement Benefits Adjustments, Net of Tax	Retained Earnings Deficit			
Balances at December 31, 2010		\$	\$14	\$(349)	\$(10)	\$	\$2,077	\$23	
Capital contribution from Former Parent							3,200		
Separation-related adjustments			(5)	346	(4)		(300)	(23)	
Reclassification of Owner's Net Investment to Common Stock and Additional Paid-in Capital in connection with Separation	294.3	4,977					(4,977)		
Deferred Contribution from Former Parent		75							
Net loss							(169)	(169)	
Impact of sale of securities, net of tax of \$5			(9)					(9)	
Foreign currency translation adjustments				(86)				(86)	
Issuance of common stock and stock options exercised	5.2	48							
Share-based compensation expense	6,875	15,484	14,834						
Total cost and expenses	189,002	145,753	335,197	339,535					
Income from operations	280,731	310,254	752,848	652,037					
Other Income / (Expense):									
Interest income	3,762	2,581	7,833	8,014					
Net other income / (expense)	3,762	2,581	7,833	8,014					
Income before income taxes	284,493	312,835	760,681	660,051					
Federal and state income taxes:									
Current	83,784	96,384	238,813	200,059					
Total income taxes	83,784	96,384	238,813	200,059					
Net Income	\$200,709	\$216,451	\$521,868	\$459,992					

Per Common Stock
(1,942,495 shares):

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Net Income	\$0.10	\$0.11	\$0.27	\$0.24
Dividends	\$0.07	\$0.07	\$0.14	\$0.14

The accompanying notes are an integral part of these financial statements.

CKX Lands, Inc.**Statements of Changes in Stockholders' Equity****Six Months Ended June 30, 2014 and 2013****(Unaudited)**Six Months Ended June 30, 2014:

	Total	Retained Earnings	Capital Stock Issued	Treasury Stock
December 31, 2013 Balance	\$12,788,600	\$13,091,860	\$72,256	\$375,516
Net income	521,868	521,868	--	--
Dividends	(271,949)	(271,949)	--	--
June 30, 2014 Balance	\$13,038,519	\$13,341,779	\$72,256	\$375,516

Six Months Ended June 30, 2013:

	Total	Retained Earnings	Capital Stock Issued	Treasury Stock
December 31, 2012 Balance	\$12,362,728	\$12,665,988	\$72,256	\$375,516
Net income	459,992	459,992	--	--
Dividends	(271,949)	(271,949)	--	--
June 30, 2013 Balance	\$12,550,771	\$12,854,031	\$72,256	\$375,516

The accompanying notes are an integral part of these financial statements.

CKX Lands, Inc.**Statements of Cash Flows****Six Months Ended June 30, 2014 and 2013****(Unaudited)**

	2014	2013
Cash Flows From Operating Activities:		
Net Income	\$ 521,868	\$ 459,992
Less non-cash (income) expenses included in net income:		
Depreciation, depletion and amortization	15,484	14,834
Change in operating assets and liabilities:		
Decrease (increase) in current assets	(43,975)	46,485
Increase (decrease) in current liabilities	(13,443)	17,741
Net cash provided from operating activities	479,934	539,052
Cash Flows From Investing Activities:		
Certificates of deposit:		
Maturity proceeds	1,941,000	501,384
Purchases	(1,910,000)	(1,501,000)
Land, timber, equipment and other assets:		
Purchases	(417,280)	(2,499)
Net cash used in investing activities	(386,280)	(1,002,115)
Cash Flows From Financing Activities:		
Dividends paid, net of reversion	(271,949)	(271,949)
Net cash used in financing activities	(271,949)	(271,949)
Net increase (decrease) in cash and cash equivalents	(178,295)	(735,012)
Cash and cash equivalents:		
Beginning	4,529,051	5,832,167
Ending	\$4,350,756	\$5,097,155
<u>Supplemental disclosures of cash flow information:</u>		
Cash payments for:		
Interest	\$--	\$--
Income taxes	\$276,000	\$208,545
<u>Supplemental schedule of non-cash investing and financing activities:</u>		
Net change in recognized and unrecognized unrealized gains (losses) on available-for-sale securities	\$--	\$--

The accompanying notes are an integral part of these financial statements.

CKX Lands, Inc.

Notes to Financial Statements

June 30, 2014

(Unaudited)

Note 1: Basis of Presentation

The accompanying unaudited financial statements of CKX Lands, Inc. (“Company”) have been prepared in accordance with United States generally accepted accounting principles for interim financial information. They do not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements. Except as described herein, there has been no material change in the information disclosed in the notes to the financial statements included in our financial statements as of and for the year ended December 31, 2013. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the accompanying financial statements.

Interim results are not necessarily indicative of results for a full year. These financial statements and accompanying notes should be read in conjunction with the Company’s Form 10-K for the year ended December 31, 2013 and Form 10-Q for the quarter period ended June 30, 2013.

Note 2: Income Taxes:

In accordance with generally accepted accounting principles, the Company has analyzed its filing positions in federal and state income tax returns for the tax years that remain subject to examination, generally three years after filing. The Company believes that all filing positions are highly certain and that all income tax filing positions and deductions would be sustained upon a taxing jurisdiction’s audit. Therefore, no reserve for uncertain tax positions is required. No interest or penalties have been levied against the Company and none are anticipated.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Revenue

Comparison of Revenues for the six months ended June 30, 2014 and 2013 follows:

	2014	2013	\$ Change	% Change
Oil and Gas	857,437	847,004	10,433	1.23 %
Timber	15,089	55,141	(40,052)	(72.64)%
Surface	215,519	89,427	126,092	141.00 %

Oil and Gas

CKX leases its property to oil and gas operators and collects income through its land ownership in the form of oil and gas royalties and lease rentals and geophysical revenues. A breakdown of oil and gas revenues follows:

	2014	2013	\$ Change	% Change
Oil	669,971	680,181	(10,210)	(1.50)%
Gas	101,035	91,295	9,740	10.67 %
Lease and Geophysical	86,431	75,528	10,903	14.44 %
Total	857,437	847,004	10,433	1.23 %

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CKX received oil and gas revenues from 106 and 96 wells during the quarter ended June, 2014 and 2013, respectively. The following schedule summarizes barrels and MCF produced and average price per barrel and per MCF.

	2014	2013
Net oil produced (Bbl) ⁽²⁾	6,048	5,753
Average oil sales price (per Bbl) ^(1,2)	\$100.48	\$104.15
Net gas produced (MCF)	19,387	21,655
Average gas sales price (per MCF) ⁽¹⁾	\$5.21	\$4.22

Notes to above schedule:

⁽¹⁾ Before deduction of production and severance taxes.

⁽²⁾ Excludes plant products.

Lease and geophysical increased \$10,903 from the 2013 amounts. These revenues are not predictable and can vary significantly from year to year.

Management believes that current oil and gas activity is driven by the current and forecasted commodity prices and demand for oil and gas. Management believes that oil and gas activity which includes oil and gas production as well as lease rentals and geophysical will continue to be strong for the next six months.

Timber prices have improved since the comparative prior year quarter, and the Company has negotiated a stumpage agreement on acceptable terms and conditions and these timber revenues will begin to be reported in the third quarter of 2014.

Surface revenue increased by \$126,092 from 2013 revenue. This increase is primarily attributable to one right of way agreement, \$173,177 in revenue, for a large pipeline to service the expanding petrochemical industry in Southwest Louisiana. The Company is currently negotiating another pipeline agreement of similar scope. Pipeline and other right of ways are not unusual to the Company; however agreements of this scope are unusual. These revenues are not predictable and can vary significantly from year to year.

Costs and Expenses

Oil and gas production costs, primarily severance taxes, decreased by \$2,416 in 2014. Although oil and gas revenues increases, the decrease in most likely due to certain Louisiana tax incentives for new well activities.

General and administrative expenses increased by \$12,535 primarily due to increases in officer incentive pay, director pay, the timing of our annual meeting expenses, and professional services related to investigation of potential land acquisitions and legal services. These increases were offset by a non-recurring property management expense related to personnel changes at one of our managers in the prior year.

Other costs and expenses incurred for the six months ended June 30, 2014 were generally consistent with 2013 reported amounts.

Financial Condition

Current assets totaled \$7,042,227 and total liabilities equaled \$244,563 at June 30, 2014. Management believes available cash and certificates of deposit together with funds generated from operations should be sufficient to meet operating requirements and provide funds for strategic acquisitions. Additional sources of liquidity include an available bank line of credit of \$5,000,000.

The Company declared and paid a seven cents per common share during the quarter ended June 30, 2014. It is anticipated that the Company will be able to continue paying a seven cents per common share dividend each quarter. From time to time, the Company may elect to pay an extra dividend. In determining if an extra dividend will be declared, the Board of Directors will take into consideration the Company's current liquidity and capital resources and the availability of suitable timberland that has mineral potential.

Issues and Uncertainties

This Quarterly Report contains forward-looking statements. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially because of issues and uncertainties such as those discussed below, which, among others, should be considered in evaluating the Company's financial outlook.

Revenues from oil and gas provide a significant portion of the Company's net income and cash flows. These revenues come from wells operated by other companies on property owned by CKX Lands, Inc. Consequently, these revenues fluctuate due to changes in oil and gas prices and changes in the operations of these other companies.

Item 3. Not applicable.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as of the period covered by this report. Based on the evaluation, performed under the supervision and with the participation of the Company's management, including the President, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by the report.

Changes in Internal Control Over Financial Reporting

There were no significant changes with respect to the Company's internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the quarter covered by this report.

Part II. Other Information

Item 1 – 5 Not Applicable

Item 6. EXHIBITS

3.1 Restated/Articles of Incorporation of the Registrant are 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-Q for the quarter ended March 31, 2013.

10 Contract to Purchase and Sell approximately 3,495 acres in Cameron Parish, Louisiana effective July 3, 2007 is incorporated by reference to Exhibit (10) to Form 10-QSB filed August 13, 2007.

31 Certification of Brian R. Jones, President and Treasurer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.

32 Certification of President and Treasurer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.

101.INS** XBRL Instance

101.SCH**XBRL Taxonomy Extension Schema

101.CAL**XBRL Taxonomy Extension Calculation

101.DEF**XBRL Taxonomy Extension Definition

101.LAB**XBRL Taxonomy Extension Labels

101.PRE**XBRL Taxonomy Extension Presentation

**XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Signature

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.

CKX Lands, Inc.

Date: August 7, 2014

/s/ Brian R. Jones
Brian R. Jones
President and Treasurer