

CADIZ INC  
Form 10-Q  
August 08, 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 quarterly period ended June 30, 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 0-12114

Cadiz Inc.

(Exact name of registrant specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

77-0313235  
(I.R.S. Employer  
Identification No.)

550 South Hope Street, Suite 2850  
Los Angeles, California  
(Address of principal executive offices)

90071  
(Zip Code)

Registrant's telephone number, including area code: (213) 271-1600

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.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

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Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes \_\_\_ No

As of August 5, 2011, the Registrant had 14,192,874 shares of common stock, par value \$0.01 per share, outstanding.

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Cadiz Inc.

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Index

For the Six Months ended June 30, 2011 Page

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements

Cadiz Inc. Consolidated Financial Statements

Unaudited Statements of Operations for the three months ended June 30, 2011 and 2010 1

Unaudited Statements of Operations for the six months ended June 30, 2011 and 2010 2

Unaudited Balance Sheets as of June 30, 2011 and December 31, 2010 3

Unaudited Statements of Cash Flows for the six months ended June 30, 2011 and 2010 4

Unaudited Statement of Stockholders' Equity for the six months ended June 30, 2011 5

Unaudited Notes to the Consolidated Financial Statements 6

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 17

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk 28

ITEM 4. Controls and Procedures 28

PART II – OTHER INFORMATION 29

Cadiz Inc.

## Consolidated Statements of Operations (Unaudited)

(\$ in thousands except per share data)	2011	For the Three Months Ended June 30,	2010
Revenues	\$ 40		\$ 4
Costs and expenses:			
Cost of sales	18		-
General and administrative	2,218		2,015
Depreciation	92		83
Total costs and expenses	2,328		2,098
Operating loss	(2,288 )		(2,094 )
Interest expense, net	(1,374 )		(1,049 )
Other expense, net	(65 )		-
Loss before income taxes	(3,727 )		(3,143 )
Income tax provision	1		1
Net loss applicable to common stock	\$ (3,728 )		\$ (3,144 )
Basic and diluted net loss per common share	\$ (0.27 )		\$ (0.23 )
Basic and diluted weighted average shares outstanding	13,957		13,678

See accompanying notes to the consolidated financial statements.

Cadiz Inc.

## Consolidated Statements of Operations (Unaudited)

(\$ in thousands except per share data)	2011	For the Six Months Ended June 30,	2010
Revenues	\$ 497		\$ 7
Costs and expenses:			
Cost of sales	450		-
General and administrative	5,183		6,092
Depreciation	181		182
Total costs and expenses	5,814		6,274
Operating loss	(5,317 )		(6,267 )
Interest expense, net	(2,718 )		(2,082 )
Other income, net	56		-
Loss before income taxes	(7,979 )		(8,349 )
Income tax provision	3		2
Net loss applicable to common stock	\$ (7,982 )		\$ (8,351 )
Basic and diluted net loss per common share	\$ (0.58 )		\$ (0.61 )
Basic and diluted weighted average shares outstanding	13,818		13,667

See accompanying notes to the consolidated financial statements.

## Cadiz Inc.

### Consolidated Balance Sheets (Unaudited)

(\$ in thousands)	June 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,980	\$ 5,911
Accounts receivable	24	277
Prepaid expenses and other	736	299
Total current assets	3,740	6,487
Property, plant, equipment and water programs, net	39,990	38,315
Goodwill	3,813	3,813
Other assets	365	321
Total Assets	\$ 47,908	\$ 48,936
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 891	\$ 358
Accrued liabilities	1,029	1,518
Current portion of long term debt	12	16
Total current liabilities	1,932	1,892
Long-term debt, net	49,080	44,403
Derivative liabilities	59	451
Tax liability	321	321
Other long-term liabilities	1,423	923
Total Liabilities	52,815	47,990
Stockholders' equity:		
Common stock - \$.01 par value; 70,000,000 shares authorized; shares issued and outstanding – 13,829,238 at June 30, 2011 and 13,677,772 at December 31, 2010	138	137
Additional paid-in capital	284,487	282,359
Accumulated deficit	(289,532)	(281,550)
Total stockholders' equity (deficit)	(4,907)	946
Total Liabilities and Stockholders' equity	\$ 47,908	\$ 48,936

See accompanying notes to the consolidated financial statements.



## Cadiz Inc.

### Consolidated Statements of Cash Flows (Unaudited)

(\$ in thousands except per share data)	2011	For the Six Months Ended June 30,	2010
Cash flows from operating activities:			
Net loss			
Adjustments to reconcile net loss to net cash used for operating activities:	\$ (7,982	)	(8,351
Depreciation	181		182
Amortization of debt discount & issuance costs	1,157		759
Interest expense added to loan principal	1,563		1,327
Unrealized gain on derivative liability	(56	)	-
Compensation charge for stock and share options	1,793		2,673
Changes in operating assets and liabilities:			
Decrease in accounts receivable	253		130
Increase in prepaid expenses and other	(437	)	(235
(Increase) decrease in other assets	(83	)	32
Increase (decrease) in accounts payable	507		(382
(Decrease) increase in accrued liabilities	(210	)	34
Increase in other long-term liabilities	500		-
Net cash used for operating activities	(2,814	)	(3,831
Cash flows from investing activities:			
Additions to property, plant and equipment	(2,109	)	(412
Net cash used in investing activities	(2,109	)	(412
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	2,000		-
Principal payments on long-term debt	(8	)	(14
Net cash provided by (used in) financing activities	1,992		(14
Net decrease in cash and cash equivalents	(2,931	)	(4,257
Cash and cash equivalents, beginning of period	5,911		8,878
Cash and cash equivalents, end of period	\$ 2,980		\$ 4,621

See accompanying notes to the consolidated financial statements.



## Cadiz Inc.

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### Consolidated Statements of Stockholders' Equity (Unaudited)

(\$ in thousands except per share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance as of December 31, 2010	13,677,772	\$ 137	\$282,359	\$ (281,550 )	\$ 946
Stock awards	151,466	1	-	-	1
Convertible term loan conversion option	-	-	336	-	336