

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-09-30**
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FILER

FARM FISH INC

CIK: **34551** | IRS No.: **640474591** | State of Incorporation: **MS** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-07320** | Film No.: **99574256**
SIC: **0200** Agricultural prod-livestock & animal specialties

Mailing Address
ROUTE 1 BOX 108A
ROUTE 1 BOX 108A
LOUISE, MS 39097-9707

Business Address
ROUTE 1 BOX 108A
LOUISE, MS 39097-9707
601-836-5188

FORM 10-QSB

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20001

QUARTERLY REPORT UNDER SECTION 13 OR 15 (D)
OF THE SECURITIES AND EXCHANGE ACT OF 1934

FOR QUARTER ENDED SEPTEMBER, 1998 COMMISSION FILE NUMBER 07320

FARM FISH, INC.

A MISSISSIPPI CORPORATION

E. I. NUMBER 64-0532896

Post Office Box 23109
Jackson, Mississippi 39225-3109

Telephone Number (601) 836-5188

Check whether in insurer (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or 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 X NO

State the number of shares outstanding of each of the insurers classes of common equity, as of the latest purchase date.

CLASS OUTSTANDING AS OF SEPT. 30, 1998	2,688,605 SHARES
Common Stock, No Par Value	Number of Shares

FARM FISH, INC.

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PART I FINANCIAL INFORMATION

FARM FISH, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

SEPTEMBER 30, 1998 (UNAUDITED) AND DECEMBER 31, 1997

	SEPT. 30, 1998	DEC. 31, 1997
	(UNAUDITED)	(*NOTE)
ASSETS		
CURRENT ASSETS		
Cash	\$ 97,038	\$ 50,144
Accounts Receivable	199,915	207,264
Inventories - Note 2	4,963,639	5,067,783
Prepaid Expenses	11,480	11,480
	-----	-----
Total Current Asset	5,272,072	5,336,671
PROPERTY, PONDS, AND EQUIP - NET	2,135,404	2,169,535
OTHER ASSETS	251,994	336,330
	-----	-----
TOTAL ASSETS	\$7,659,470 =====	\$7,842,536 =====

LIABILITIES AND STOCKHOLDERS EQUITY

CURRENT LIABILITIES		
Accounts Payable	\$ 34,720	\$ 11,428
Advances Payable to Shareholder & Current Maturities	2,858,611	3,309,853
Other Accrued Exp and Payables	242,603	159,011
	-----	-----
TOTAL CURRENT LIABILITIES	3,135,934	3,480,292
DEFERRED INCOME TAXES	126,000	126,000
STOCKHOLDERS' EQUITY		
Common Stock - without par value, authorized 5,000,000 shares, subscribed and issued 2,688,605 shares at stated value at Sept. 30, 1998 and 2,688,605 shares at December 31, 1997	4,424,336	4,424,336
Additional Paid-In Capital	475,776	475,776
Retained Earnings (Deficit)	(502,576)	(663,868)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	4,397,536	4,236,244
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$7,659,470 =====	\$7,842,536 =====

See accompanying notes to consolidated condensed financial statements.

FARM FISH, INC.

CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
(UNAUDITED)

FOR THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	THREE MONTHS ENDED SEPT. 30		NINE MONTHS ENDED SEPT. 30	
	1998	1997	1998	1997
NET SALES	\$1,048,290	\$ 681,052	\$2,822,167	\$2,570,522
OTHER INCOME	1,512	0	92,291	0
	-----	-----	-----	-----
	1,049,802	681,052	2,914,458	2,570,522
 COST AND EXPENSES				
Cost of Sales	912,094	596,603	2,414,754	2,059,765
Selling, General, and Administrative Expenses	69,000	48,888	199,779	163,380
Interest	10,844	12,808	39,777	41,921
	-----	-----	-----	-----
Total Cost and Expense	991,938	658,299	2,654,310	2,265,066
 INCOME BEFORE INCOME TAXES	57,864	22,753	260,148	305,456
 INCOME TAX EXPENSE	(17,126)	(0)	(98,856)	(107,428)
	-----	-----	-----	-----
NET INCOME	\$ 40,738	\$ 22,753	\$161,292	\$198,028
	=====	=====	=====	=====
 NET INCOME PER BASIC AND DILUTED SHARE	\$.015	\$0.01	\$.06	\$.07
	=====	=====	=====	=====

WEIGHTED AVERAGE BASIC AND DILUTED

COMMON SHARES OUTSTANDING

2,688,605

2,688,605

2,688,605

2,688,605

=====

=====

=====

=====

See accompanying notes to consolidated condensed financial statements

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FARM FISH, INC.

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997

	NINE MONTHS ENDED SEPT. 30	
	1998	1997
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$666,080	\$ 52,407
INVESTING ACTIVITIES		
Purchase of Equipment and Brood Fish	(167,944)	(22,441)
FINANCING ACTIVITIES		
Proceeds from Borrowing	95,000	405,934
Principal Payments on Borrowing	(605,000)	(505,000)
Advances from Shareholders	58,758	31,641
NET CASH USED IN FINANCING ACTIVITIES	(451,242)	(67,425)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	46,894	(37,459)

CASH AND CASH EQUIVALENTS AT BEGINNING	50,144	80,815
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$97,038	\$43,356

See accompanying notes to consolidated condensed financial statements

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FARM FISH, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-QSB and Rule 10-01 of Regulations S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended September 30, 1998 are not necessarily indicative of the results that may be expected for the year ended December 31, 1998. For further information refer to consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997.

NOTE 2: INVENTORIES

The components of inventory consist of the following:

SEPT. 30,	DEC. 31,
1998	1997

on refer to consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 1997.

NOTE 2: INVENTORIES

The components of inventory consist of the following:

	SEPT. 30, 1998	DEC. 31, 1997
Live Fish	\$4,928,585	\$5,046,367
Feed and Supplies	35,054	21,416
TOTAL INVENTORY	\$4,963,639	\$5,067,783

FARM FISH, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATION

The following is Management's Discussion and Analysis of certain significant factors which have affected the Company's earnings during the periods included in the accompanying statements of income.

OPERATING INCOME:

NINE MONTHS ENDED SEPT. 30, 1998, COMPARED TO NINE MONTHS ENDED SEPT. 30, 1997

Sales for the period ending September 30, 1998 were \$2,822,167 compared to \$2,570,522 for the same period in 1997.

During the nine month period ended September 30, 1998, Farm Fish, Inc. made a profit before taxes of \$260,148 compared to \$305,456 profit for the same period in 1997.

The price of live fish sold for the period averaged \$.768 per pound compared to \$.747 per pound for the same period in 1997.

Cost of Sales was 87.0% of sales for the current period compared to 87.6% of sales for the same period of 1997. The average production cost of fish for the period was \$.6088 per pound compared to \$.5406 average production cost per pound for the same period last year. Increased production costs were due to higher feed costs for the past 24 months.

The company had other income including dividends from a feed cooperative Of \$85,262 for the current period while other income for the first period of last year was \$80,778.

THREE MONTHS ENDED SEPTEMBER 30, 1998, COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 1997

Net sales for the three months ended September 30, 1998 increased by \$367,238 from 1997. The number of pounds of food fish sold during the period increased by 567,278 pounds. The average selling price of food fish during this period increased by \$.02 per pound.

Cost of sales increased from 1997 by \$315,491 due primarily to an adjustment for mortality of \$62,111. General and Administrative expenses increased over 1997 by \$20,112. Legal and professional fees were significant portions of this increase.

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FARM FISH, INC.

MANAGEMENTS DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY

As of September 30, 1998, current assets exceeded current liabilities by \$2,136,139 compared to \$1,856,379 for the same period ended December 31, 1997.

Farm Fish, Inc. had an unused line of credit with a local bank as of September 30, 1998 of \$1,405,000. The total line of credit as of September 30, 1998 and 1997 was \$2,000,000. In addition to this line of credit and internally generated funds, the Company would rely on Delta Industries, Inc. to supply additional working capital, if needed.

PART II OTHER INFORMATION

FARM FISH, INC.

ITEM 1 - LEGAL PROCEEDINGS

The Registrant is not aware of any pending legal proceedings, other than ordinary routine litigation incidental to the business, involving the Registrant or its subsidiary of any property or assets.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of the Stockholders' for Farm Fish, Inc., was held May 26, 1998, with election of T. L. Reed, III, Thomas R. Slough, Jr., Leland R. Speed, Robert Reed Doyle and W. D. Mounger as directors. The annual report for 1997 and all actions of the officer and directors of the corporation were adopted and approved.

ITEM 6 - EXHIBIT AND REPORT ON FORM 8-K

Exhibit 27 - Financial Data Schedule (attached)

There was no report on Form 8-K for the quarter ended September 30, 1998.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FARM FISH

(Registrant)

November 4, 1998

Date

Jayne Dew Secretary/Treasurer

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