



BILOXI MARSH LANDS CORPORATION

Financial Statements and Schedule – Income Tax Basis

December 31, 2009 and 2008

(With Independent Auditors' Report Thereon)

BILOXI MARSH LANDS CORPORATION

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KPMG LLP
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Independent Auditors' Report

The Board of Directors
Biloxi Marsh Lands Corporation:

We have audited the accompanying statements of assets, liabilities, and stockholders' equity – income tax basis of Biloxi Marsh Lands Corporation as of December 31, 2009 and 2008, and the related statements of revenues and expenses – income tax basis, stockholders' equity – income tax basis, and cash flows – income tax basis for the years then ended. These financial statements – income tax basis are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements – income tax basis based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements – income tax basis are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements – income tax basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note 1(b), these financial statements – income tax basis were prepared on the basis of accounting the Company uses for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Because many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations, the amounts reported in the accompanying financial statements – income tax basis may be subject to change at a later date upon final determination by the taxing authorities.

In our opinion, the financial statements – income tax basis referred to above present fairly, in all material respects, the assets, liabilities, and stockholders' equity of Biloxi Marsh Lands Corporation as of December 31, 2009 and 2008, and its revenues and expenses, changes in stockholders' equity, and cash flows for the years then ended, on the basis of accounting described in note 1(b).

Our audits were made for the purpose of forming an opinion on the basic financial statements – income tax basis taken as a whole. The supplementary information included in schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements – income tax basis. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements – income tax basis and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements – income tax basis taken as a whole.

KPMG LLP

March 12, 2010

BILOXI MARSH LANDS CORPORATION

Statements of Assets, Liabilities, and Stockholders' Equity – Income Tax Basis

December 31, 2009 and 2008

Assets	2009	2008
	2009	2008
Current assets:		
Cash and cash equivalents	\$ 6,611,227	5,249,590
Accounts receivable	148,996	271,005
Accrued interest receivable	69,571	53,763
Federal income taxes receivable	244,918	322,578
Payroll taxes receivable	—	2,068
Prepaid expenses	37,327	36,926
State income taxes receivable	80,803	62,731
Other assets	3,830	3,830
	7,196,672	6,002,491
Total current assets		
Investment in partnership	2,822,918	938,621
Marketable debt and equity securities – at cost	7,679,804	5,346,972
Land	234,939	234,939
Levees and office furniture and equipment	251,332	187,972
Accumulated depreciation	(251,332)	(187,972)
	\$ 17,934,333	12,523,023
Total assets		
Liabilities and Stockholders' Equity		
Current liabilities:		
Accrued expenses	\$ 21,747	42,778
Other current liabilities	2,520	2,520
	24,267	45,298
Total current liabilities		
Stockholders' equity:		
Common stock, \$0.001 par value. Authorized 20,000,000 shares; issued 2,851,196 shares; outstanding 2,741,428 shares in 2009 and 2,749,428 in 2008	47,520	47,520
Retained earnings	18,045,611	12,547,270
Treasury stock, 109,768 and 101,768 shares in 2009 and 2008, respectively, at cost	(183,065)	(117,065)
	17,910,066	12,477,725
Total stockholders' equity		
Total liabilities and stockholders' equity	\$ 17,934,333	12,523,023

See accompanying notes to financial statements – income tax basis.

BILOXI MARSH LANDS CORPORATION

Statements of Revenues and Expenses – Income Tax Basis

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Oil and gas royalties	\$ 1,341,856	3,099,224
Oil and gas royalties settlement	21,460,469	—
Severance taxes	<u>(810,453)</u>	<u>(103,034)</u>
Oil and gas royalties, net	21,991,872	2,996,190
Lease bonuses and delay rentals	45,000	221,500
Pipeline right of ways	<u>5,000</u>	<u>30,031</u>
Total oil and gas revenues	<u>22,041,872</u>	<u>3,247,721</u>
Other income (loss):		
Gain (loss) from investment in partnership	(2,615,703)	(613,015)
Dividends and interest income	362,442	330,394
Interest income on oil and gas royalties settlement	2,754,707	—
Gain (loss) on sale of securities	122,461	(26,696)
Surface rentals	16,125	22,125
Other	<u>326,994</u>	<u>—</u>
Total other income (loss)	<u>967,026</u>	<u>(287,192)</u>
Total revenues and income	<u>23,008,898</u>	<u>2,960,529</u>
Expenses:		
Salaries	202,000	162,000
Bonuses	397,500	311,610
Payroll taxes	17,441	16,279
Employee benefits	74,000	64,813
Association dues	6,650	6,650
Accounting and auditing	181,095	122,261
Gas marketing fees	6,030	6,188
Consultants	49,187	102,120
Depreciation	63,360	6,582
Directors' fees	261,000	87,000
Franchise taxes	60,339	73,034
Insurance	91,162	93,713
Land management fees	41,726	31,851
Legal fees	515,598	411,532
Other	61,515	74,013
Portfolio services	45,242	34,651
Property taxes	16,740	17,213
Rent	21,437	23,425
Charitable contributions	<u>27,296</u>	<u>8,513</u>
Total expenses	<u>2,139,318</u>	<u>1,653,448</u>
Net income before income taxes	20,869,580	1,307,081
Income tax expense	<u>7,146,955</u>	<u>230,265</u>
Net income	\$ <u>13,722,625</u>	<u>1,076,816</u>
Net income per share	\$ 5.00	0.39

See accompanying notes to financial statements – income tax basis.

BILOXI MARSH LANDS CORPORATION
 Statements of Stockholders' Equity – Income Tax Basis
 Years ended December 31, 2009 and 2008

	Common Stock		Treasury Stock		Retained earnings	Total
	Shares	Amount	Shares	Amount		
Balance, December 31, 2007	2,851,196	\$ 47,520	(96,768)	(74,815)	14,224,882	14,197,587
Net income	—	—	—	—	1,076,816	1,076,816
Purchase of treasury shares	—	—	(5,000)	(42,250)	—	(42,250)
Dividends	—	—	—	—	(2,754,428)	(2,754,428)
Balance, December 31, 2008	2,851,196	47,520	(101,768)	(117,065)	12,547,270	12,477,725
Net income	—	—	—	—	13,722,625	13,722,625
Purchase of treasury shares	—	—	(8,000)	(66,000)	—	(66,000)
Dividends	—	—	—	—	(8,224,284)	(8,224,284)
Balance, December 31, 2009	2,851,196	\$ 47,520	(109,768)	(183,065)	18,045,611	17,910,066

See accompanying notes to financial statements – income tax basis.

BILOXI MARSH LANDS CORPORATION

Statements of Cash Flows – Income Tax Basis

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flow provided by operating activities:		
Net income	\$ 13,722,625	1,076,816
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	63,360	6,582
Deferred income taxes	—	(612,715)
(Gain) loss on sale of securities	(122,461)	26,696
Loss from investment in partnership	2,615,703	613,015
Change in operating assets and liabilities:		
Accounts and interest receivables	110,031	155,045
Prepaid expenses	(4,231)	3,562
Income taxes	59,588	(402,985)
Accrued expenses	(21,031)	(7,287)
Payroll taxes and other liabilities	2,068	(29,664)
Net cash provided by operating activities	<u>16,425,652</u>	<u>829,065</u>
Cash flow provided by investing activities:		
Proceeds from maturing investments	350,000	6,478,383
Proceeds from the sale of securities	256,661	3,139,771
Investment in partnership	(4,500,000)	—
Purchase of securities	(2,817,032)	(4,592,233)
Purchase of office furniture and equipment	(63,360)	(6,582)
Net cash (used in) provided by investing activities	<u>(6,773,731)</u>	<u>5,019,339</u>
Cash flows from financing activities:		
Treasury stock purchased	(66,000)	(42,250)
Dividends paid	(8,224,284)	(2,754,428)
Net cash used in financing activities	<u>(8,290,284)</u>	<u>(2,796,678)</u>
Net increase in cash	1,361,637	3,051,726
Cash and cash equivalents, beginning of year	<u>5,249,590</u>	<u>2,197,864</u>
Cash and cash equivalents, end of year	<u>\$ 6,611,227</u>	<u>5,249,590</u>
Supplemental cash flow information:		
Cash paid for income taxes	\$ 7,087,367	596,830

See accompanying notes to financial statements – income tax basis.

BILOXI MARSH LANDS CORPORATION

Notes to Financial Statements – Income Tax Basis

December 31, 2009 and 2008

(1) Summary of Significant Accounting Policies

(a) *Nature of Operations*

Biloxi Marsh Lands Corporation (the Company) is a Delaware corporation whose principal assets are surface and mineral rights to approximately 90,000 acres of marsh land in St. Bernard Parish, Louisiana, which generates revenues primarily from mineral activities including lease bonuses, delay rentals, and royalties on oil and natural gas production. A study by an independent reservoir engineering firm estimates that the Company has proved reserves in natural gas associated with a portion of this property. These proved reserve estimates are not included in these financial statements – income tax basis.

As discussed in note 3, the Company owns an interest in B&L Exploration L.L.C. (B&L). B&L is engaged principally in the exploration for and development of petroleum natural resources through various ownership interests in oil and natural gas properties located in the state of Louisiana.

(b) *Basis of Accounting*

The accompanying financial statements are presented in accordance with the accrual method of tax accounting used for federal income tax reporting purposes. Under this method of accounting, revenues are generally recorded when earned, and expenses are recognized when incurred. The accompanying financial statements – income tax basis are not intended to present the financial position and results of operation of the Company in conformity with accounting principles generally accepted in the United States of America.

Because many types of transactions are susceptible to varying interpretations under federal and state income tax laws and regulations, the amounts reported in the financial statements – income tax basis may be subject to change at a later date upon final determination by the taxing authorities.

(c) *Use of Estimates*

The process of preparing financial statements – income tax basis requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to accrued amounts as of the date of the financial statements – income tax basis. Accordingly, upon settlement, actual results may differ from estimated amounts.

(d) *Cash and Cash Equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include \$2,470,430 and \$5,177,271 of money market funds with an initial term of less than three months at December 31, 2009 and 2008, respectively.

(e) *Accounts Receivable*

Accounts receivable are recorded at invoiced amount and do not bear interest. Amounts collected on accounts receivable are included in net cash provided by operating activities in the statements of cash flows – income tax basis. Account balances are charged off after all means of collection have been

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Notes to Financial Statements – Income Tax Basis

December 31, 2009 and 2008

exhausted and the potential for recovery is remote. The Company does not have any off-balance-sheet exposure related to its customers.

(f) *Investment Securities*

Investment securities at December 31, 2009 and 2008 consist of corporate debt and equity securities. The Company has the ability and intent to hold its investments in corporate bonds until maturity. The Company's investments in equity securities are available for sale. The Company does not buy and hold investment securities principally for the purpose of selling them in the near term.

Under the income tax basis of accounting, investment securities are recorded at cost in the statements of assets, liabilities, and stockholders' equity – income tax basis. Unrealized gains and losses are excluded from earnings until realized. Realized gains and losses from the sale of equity securities are determined on a specific-identification basis. Dividend income is recognized when received. Interest income is recognized when earned.

(g) *Land and Equipment*

Land and equipment are stated at cost. The Company had depreciation expense of \$63,360 and \$6,582 in 2009 and 2008, respectively. Repair and maintenance costs are expensed when incurred.

(h) *Revenue Recognition*

Under the accrual method of tax accounting, the Company recognizes revenue in the period in which all events have occurred that fix the right to receive the revenue, and the amount can be determined with reasonable accuracy. Severance tax is remitted to the State of Louisiana and is reported as a reduction of oil and natural gas royalties in the statements of revenues and expenses – income tax basis.

(i) *Depreciation*

Depreciation of property is provided for in amounts sufficient to recognize their cost over their estimated service lives using the Modified Accelerated Cost Recovery System (MACRS) rates as indicated for federal income tax purposes. Assets purchased totaling \$63,360 and \$6,582 in 2009 and 2008, respectively, were depreciated in full in the year the asset was put in service in accordance with Section 179 of the Internal Revenue Code (IRC).

(j) *Treasury Stock*

The Company follows the cost method of accounting for treasury stock transactions.

(k) *Income Taxes*

Under the income tax basis of accounting, income taxes are accounted for based on an estimate of current federal and state income tax expense. Deferred tax assets and liabilities are not recognized. The Company has no net operating loss or tax credit carryforwards at December 31, 2009 and 2008.

Under the income tax basis of accounting, the Company does not recognize a liability for uncertain tax positions until agreement and settlement is reached with the taxing authority.

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Notes to Financial Statements – Income Tax Basis

December 31, 2009 and 2008

(l) Net Income per Share

Net income per share is calculated by dividing net income by the weighted average number of common stock outstanding during the period.

(m) Commitments and Contingencies

Under the income tax basis of accounting, liabilities for loss contingencies, including environmental remediation costs, arising from claims, assessments, litigation, fines, and penalties and other sources, are not recorded until paid. Commitments and contingencies, if material, are disclosed even if not paid as of the financial reporting date.

(2) Investments in Investment Securities

The cost basis, unrecorded gross unrealized gains, unrecorded gross unrealized losses, and fair value of corporate bonds and equity securities as of December 31, 2009 and 2008 were as follows:

	<u>Cost basis</u>	<u>Gross unrealized gains</u>	<u>Gross unrealized losses</u>	<u>Fair value</u>
At December 31, 2009:				
Corporate bonds	\$ 4,870,620	279,778	(34,161)	5,116,237
Equity securities	<u>2,809,184</u>	<u>682,404</u>	<u>(57,505)</u>	<u>3,434,083</u>
	\$ <u><u>7,679,804</u></u>	<u><u>962,182</u></u>	<u><u>(91,666)</u></u>	<u><u>8,550,320</u></u>
At December 31, 2008:				
Debt securities:				
Municipal bonds	\$ 350,000	—	—	350,000
Corporate bonds	3,682,130	33,590	(153,002)	3,562,718
Equity securities	<u>1,314,842</u>	<u>568,066</u>	<u>(194,520)</u>	<u>1,688,388</u>
	\$ <u><u>5,346,972</u></u>	<u><u>601,656</u></u>	<u><u>(347,522)</u></u>	<u><u>5,601,106</u></u>

Maturities of corporate bonds were as follows at December 31, 2009:

	<u>Cost basis</u>	<u>Fair value</u>
Due after one through five years	\$ 2,368,540	2,497,046
Due after five years through ten years	<u>2,502,080</u>	<u>2,619,191</u>
	\$ <u><u>4,870,620</u></u>	<u><u>5,116,237</u></u>

Cash proceeds from the sale of investment securities were \$256,661 and \$3,139,771 in 2009 and 2008, respectively. Realized cash gains were \$122,461 in 2009 and realized cash losses from the sale of investment securities were \$26,696 in 2008. The Company had no investment securities with other-than-temporary declines in fair value at December 31, 2009.

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Notes to Financial Statements – Income Tax Basis

December 31, 2009 and 2008

(3) Investment in Partnership

The Company owns an interest in B&L Exploration, L.L.C., (B&L) an oil and gas exploration business. According to the operating agreement dated August 23, 2006, the Company owns a 75% interest in Class A membership of B&L. The remaining 25% interest in B&L is owned by Lake Eugenie Land & Development, Inc., a related party of the Company. B&L has commissioned a reserve study which was completed by an independent reservoir engineering firm. This reserve study estimates that B&L has proved reserves in natural gas and oil attributable to its mineral properties. The proved reserve estimates are not included in the table below summarizing financial information – income tax basis of B&L. The operating agreement was amended on November 16, 2009 to create a Class B membership to allow for certain future projects at the discretion of the board of managers to be participated by members of either Class A, Class B, or a combination of the respective Classes. The Company owns a 90% interest in Class B membership of B&L. The remaining 10% of Class B membership percentage is owned by Lake Eugenie Land & Development, Inc.

Under the income tax method of accounting, the Company accounts for its membership percentage on the equity method whereby the Company recognizes its share of income and losses of the investment. The Company recognized \$2,615,703 and \$613,015 of losses in 2009 and 2008, respectively.

The carrying amount of the investment in B&L was \$2,822,918 and \$938,621 at December 31, 2009 and 2008, respectively. Summary financial information – income tax basis of B&L as of and for the years ended December 31, 2009 and 2008 (on the income tax basis of accounting) follows:

	2009	2008
Financial position – income tax basis:		
Current assets	\$ 3,276,317	364,111
Mineral properties and equipment, net	1,947,890	1,582,576
Total assets	\$ 5,224,207	1,946,687
Current liabilities	\$ 731,399	444,876
Revolving line of credit	1,400,000	300,000
Total current liabilities	2,131,399	744,876
Members' equity	3,092,808	1,201,811
Total liabilities and members' equity	\$ 5,224,207	1,946,687
Results of operations – income tax basis:		
Revenues, net	\$ 2,065,078	1,795,908
Net loss	(3,109,003)	(817,353)

The Company has provided a guarantee of a \$5,000,000 revolving line of credit with a bank held by B&L. The guarantee is allocated to the members based upon membership class percentage which can be identified to certain projects for which the borrowings were utilized. As of December 31, 2009, the Company's guarantee is 75% of \$5,000,000, or \$3,750,000, which is consistent with its Class A membership percentage, as all borrowings are identified with Class A membership projects. The line of

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Notes to Financial Statements – Income Tax Basis

December 31, 2009 and 2008

credit expires August, 28, 2010. Outstanding borrowings by B&L under the revolving line of credit were \$1,400,000 and \$300,000 as of December 31, 2009 and 2008, respectively. Under the income tax basis of accounting, the estimated fair value of the Company’s guarantee of B&L’s revolving line of credit is not required to be recognized. As of December 31, 2009, there are no indications that the Company will be required to perform under the terms of the guarantee.

(4) Income Taxes

Components of income tax expense (benefit) are as follows:

	<u>2009</u>	<u>2008</u>
Current:		
Federal	\$ 6,502,010	756,003
State	644,945	86,977
	<u>7,146,955</u>	<u>842,980</u>
Total current income tax expense		
Deferred:		
Federal	—	(531,168)
State	—	(81,547)
	<u>—</u>	<u>(612,715)</u>
Total deferred income tax benefit		
Total income tax expense	\$ <u>7,146,955</u>	<u>230,265</u>

In 2005, the Company was required to change its tax accounting method from the cash receipts and disbursements method to the tax accrual method. The Company was allowed to recognize a certain portion of taxable income as a result of the change over a four-year period pursuant to IRC Section 481(a). In 2008, the Company recognized the remaining tax effects of the accounting change.

The reconciliation of U.S. federal statutory and effective income tax rates is shown below:

	<u>2009</u>	<u>2008</u>
Statutory rate	35.0%	34.0%
Percentage depletion	(2.9)	(16.9)
State taxes provided	2.0	0.3
Other (net)	0.1	0.2
	<u>34.2%</u>	<u>17.6%</u>
Effective tax rate		

(5) Stockholders’ Equity

(a) Common Stock

Holders of common stock are entitled to one vote per share, to receive dividends, and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders.

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Notes to Financial Statements – Income Tax Basis

December 31, 2009 and 2008

(b) Rights Plan

On November 6, 2003, the board of directors of the Company adopted a shareholder rights plan. Pursuant to the Rights Agreement by and between the Company and the Company (as Rights Agent), authorized and declared a dividend of one preferred share purchase right for each outstanding share of common shares of the Company on November 20, 2003, payable November 21, 2003. Each right entitles the holder to purchase from the Company one one-hundredth of a share of Series A Junior

Participating Preferred Stock, with a par value of \$0.001, at a price of \$90.00 per one one-hundredth of a share. The rights, however, will not become exercisable unless and until, among other things, any person acquires 15% or more of the outstanding common shares of the Company. If a person acquires 15% or more of the outstanding common shares (subject to certain conditions and exceptions more fully described in the Rights Agreement), each right will entitle the holder (other than the person who acquired 15% or more of the outstanding common shares) to purchase preferred stock of the Company at a favorable price. The rights have no voting power, and unless the rights are redeemed, exchanged, or terminated earlier, they will expire on October 31, 2013.

(c) Repurchase Plan

On September 26, 2008, the board of directors authorized the purchase of up to 27,500 shares of its outstanding common stock. The purchases will be made from time to time on the open market at the sole discretion of the Company. All shares purchased will be held as treasury stock. For the period ended December 31, 2009 and 2008, the Company acquired shares of 8,000 and 5,000, respectively, to arrive at total cumulative shares as of December 31, 2009 and 2008 of 13,000 and 5,000, respectively, under this plan. The authorization to purchase shares expires upon completion of targeted goal.

(d) Dividends

The Company paid cash dividends on common stock of \$8,224,284 and \$2,754,428 in 2009 and 2008, respectively.

(6) Commitments and Contingencies

Effective July 1, 2009 settlement agreements were reached binding all of the parties to the litigation pending since 2001 in the Louisiana State Court in St. Bernard Parish to determine the ownership of Sections 1, 2 and 3, Township 13 South, Range 16 East. These settlement agreements resulted in the dismissal of all litigation between the settling parties. In accordance with the settlement agreements, the Company received a one-time nonrecurring settlement payment of \$23,949,171. Also, under the terms and provisions of the settlement, in addition to receiving the settlement funds, the Company will remain the sole owner of the property and has the exclusive right to enter into oil, gas and mineral leases.

The announced settlement does not involve the disputes raised in the pending litigation in State Court in St. Bernard Parish with the State of Louisiana regarding the State's claims to certain waterbottoms owned by the Company. As of this time, there is approximately \$15,000,000 deposited in the various concursus accounts established to hold the funds relating to these disputes between the Company and the State of Louisiana. There are multiple cases involving disputes over the ownership of waterbottoms. The first case involving disputes over the ownership of waterbottoms has been scheduled for trial on

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September 20th, 2010 in Louisiana State 34th District Court in St. Bernard Parish. As of the date of this report, there is no way to forecast a timetable for the conclusion of the litigation and resolution of the multiple cases, nor can the Company predict an outcome of the litigation.

(7) Related Parties

The Company is related to a series of entities partially owned and managed by the same persons. Transactions with related entities and persons are recorded at amounts agreed to by the parties which may not be representative of amounts that would be received or charged by unrelated parties. Reimbursements of expenses from related parties are reported net in the statements of revenues and expenses – income tax basis.

(8) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through March 12, 2010, the date of which the financial statements – income tax basis were available to be issued, and determined there are no other items to disclose.

BILOXI MARSH LANDS CORPORATION

Schedule of Marketable Securities

December 31, 2009 and 2008

Company description	2009				2008			
	Shares/ face value	Cost	Fair value	Unrealized gains (losses)	Shares/ face value	Cost	Fair value	Unrealized gains (losses)
Marketable equity securities:								
Common stock:								
3 D Systems Corp.	16,500	\$ 205,024	186,450	(18,574)	16,500	\$ 205,024	131,010	(74,014)
Abbott Labs	4,000	171,813	215,960	44,147	—	—	—	—
American Vanguard Corp.	15,000	89,682	124,500	34,818	15,000	89,682	175,500	85,818
Bank of America Corporation	15,000	171,727	225,900	54,173	—	—	—	—
Carter's Inc.	8,800	191,946	231,000	39,054	—	—	—	—
Cleco Corporation	7,800	168,372	213,174	44,802	—	—	—	—
Cullen Frost Bankers Inc.	4,000	197,048	200,000	2,952	—	—	—	—
EPIQ Systems Inc.	18,000	208,659	251,820	43,161	18,000	208,659	300,780	92,121
Gulf Island Fabrication Inc.	—	—	—	—	4,500	85,309	64,845	(20,464)
H&R Block, Inc.	10,000	182,035	226,200	44,165	—	—	—	—
Ion Geophysical Corp.	12,000	95,661	71,040	(24,621)	12,000	95,661	41,160	(54,501)
Jack Henry & Associates	—	—	—	—	10,000	48,890	194,100	145,210
Luminex Corp.	12,000	104,187	179,160	74,973	12,000	104,187	256,320	152,133
Marcus Corporation	11,000	181,027	141,020	(40,007)	11,000	181,030	178,530	(2,500)
McDonald's	3,000	175,660	187,320	11,660	—	—	—	—
O' Reilly Automotive Inc.	8,000	153,136	304,960	151,824	8,000	153,136	245,920	92,784
PHI Inc.	6,100	143,264	128,954	(14,310)	6,100	143,264	100,223	(43,041)
Smucker JM Co.	4,300	173,180	265,525	92,345	—	—	—	—
Varian Medical System Inc.	6,000	196,763	281,100	84,337	—	—	—	—
Subtotal		<u>2,809,184</u>	<u>3,434,083</u>	<u>624,899</u>		<u>1,314,842</u>	<u>1,688,388</u>	<u>373,546</u>
Marketable debt securities:								
Municipal bonds:								
Louisiana Loc Govt envr Facs-S-Eastern LA Stud, due August 1, 2034	—	—	—	—	—	—	—	—
Louisiana Loc Govt Fac Aut 06/01/2039 0.00%	—	—	—	—	350,000	350,000	350,000	—
Subtotal		<u>—</u>	<u>—</u>	<u>—</u>		<u>350,000</u>	<u>350,000</u>	<u>—</u>
Corporate bonds:								
Abbott Laboratories	300,000	300,025	309,567	9,542	300,000	300,025	305,915	5,890
Wells Fargo & Co.	300,000	301,525	320,784	19,259	300,000	301,525	307,516	5,991
PHI Inc.	300,000	281,650	291,375	9,725	300,000	281,650	183,750	(97,900)
General Electric Capital Corp.	300,000	291,448	314,276	22,828	—	—	—	—
JPMorgan Chase & Co.	300,000	295,525	316,634	21,109	300,000	295,525	301,347	5,822
Caterpillar Fin Serv Corp	300,000	300,330	318,777	18,447	300,000	300,330	294,807	(5,523)
Dupont EI Nemour	300,000	297,775	320,797	23,022	300,000	297,775	297,524	(251)
Wal-Mart Stores Inc.	300,000	300,262	304,836	4,574	—	—	—	—
Merck & Co Inc.	300,000	300,775	323,930	23,155	300,000	300,775	299,633	(1,142)
United Technologies Corp.	300,000	294,925	324,327	29,402	300,000	294,925	296,339	1,414
Goldman Sachs Group Inc.	300,000	287,125	311,992	24,867	300,000	287,125	282,000	(5,125)
General Electric Capital Corp.	300,000	300,025	295,889	(4,136)	300,000	300,025	299,759	(266)
Whitney National Bank Sub NO	300,000	442,525	412,500	(30,025)	500,000	442,525	400,000	(42,525)
AT&T Inc.	300,000	297,058	315,276	18,218	—	—	—	—
Eli Lilly & Co.	300,000	279,925	301,148	21,223	300,000	279,925	294,128	14,203
Pfizer Inc.	300,000	299,722	334,129	34,407	—	—	—	—
		<u>4,870,620</u>	<u>5,116,237</u>	<u>245,617</u>		<u>3,682,130</u>	<u>3,562,718</u>	<u>(119,412)</u>
Total marketable securities as of December 31, 2009 and 2008	\$	<u>7,679,804</u>	<u>8,550,320</u>	<u>870,516</u>	\$	<u>5,346,972</u>	<u>5,601,106</u>	<u>254,134</u>

See accompanying independent auditors' report.