

FIRST FINANCIAL CORP /TX/
Form 10QSB
November 19, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended September 30, 2007

TRANSITION REPORT UNDER SECTION 13 OR 15(D) ON THE EXCHANGE ACT

For the transition period from _____ to _____

Commission file number 0-5559

FIRST FINANCIAL CORPORATION

(Exact name of small business issuer as specified in its charter)

<u>Texas</u>	<u>74-1502313</u>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
<u>800 Washington Avenue, Waco, Texas</u>	<u>76701</u>
(Address of principal executive offices)	(Zip Code)

Issuer's telephone number (254) 757-2424

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No

Number of shares of the Issuer's Common Stock outstanding on October 31, 2007 was 402,058.

Transitional Small Business Disclosure Format (check one) Yes No

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FIRST FINANCIAL CORPORATION

September 30, 2007

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Item 1. Financial Statements

First Financial Corporation

Consolidated Balance Sheet

September 30, 2007

(Unaudited)

Assets

Cash and cash equivalents	\$	121,127
Restricted cash		-
Accounts receivable		92,548
Notes receivable		180,000
Marketable investment securities		2,122,680
Restricted marketable investment securities		-
Real estate held for investment, at cost		-
Mortgage loans		6,127
Property and equipment		7,142
Other assets		142,215
Total Assets		\$2,671,838

Liabilities and Stockholders' Deficit

Notes on line of credit		\$0
Notes payable		2,504,175
Accounts payable		23,758
Estimated reserve for indemnifications and early payment default losses		4,340,457
Estimated reserve for losses under servicing agreements		-
Estimated reserve for losses under insurance policies		-
Other liabilities		118,394
Total Liabilities		6,986,784
Stockholders' deficit:		
Common stock - no par value; authorized 500,000 shares; issued 402,058 shares		1,000
Additional paid-in capital		1,471,004
Retained earnings		(7,540,289)
Accumulated other comprehensive income:		-
Unrealized gain (loss) on marketable securities, net of tax		1,753,339
		(4,314,946)
Less: Treasury stock - at cost		-
Total Stockholders' Deficit		(4,314,946)
Total Liabilities and Stockholders' Deficit	\$	2,671,838

See accompanying notes to consolidated financial statements.

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First Financial Corporation
 Consolidated Statements of Income
 Three months ended September 30, 2007 and 2006
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:				
Loan administration	\$ 300	\$ -	\$ 8,285	\$ 1,086,807
Interest income	4,013	-	13,715	5,764
Oil and gas royalties	20,169	271,243	34,699	290,460
Net gain from sale of securities	35,265	-	84,448	11,669
Other income	-	7,399	9,226	1,292,845
Total Revenues	59,747	278,642	150,373	2,687,545
Expenses:				
Salaries and related expenses	34,340	46,637	109,855	1,375,855
Interest expense	3,348	45,003	7,593	159,331
Provision for loan losses	304,972	-	1,050,153	1,936,667
Impairment of assets	-	43,940	-	851,177
Other operating expenses	141,023	7,140	425,773	1,572,207
Total Expenses	483,682	142,720	1,593,374	5,895,237
Income (loss) before income other income, and provision for income tax expense	(423,935)	135,922	(1,443,000)	(3,207,692)
Other non-operating income				