

FIRST FINANCIAL CORP /TX/  
Form 10-Q  
November 14, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2008

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 000-05559

**First Financial Corporation**

(Exact name of registrant as specified in its charter)

Texas  
(State or other jurisdiction of  
incorporation or organization)

74-1502313  
(I.R.S. Employer  
Identification No.)

800 Washington Avenue, Waco, Texas 76701

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (254) 757-2424

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 31, 2008, there were 402,058 shares of common stock outstanding.

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FORM 10-Q

FIRST FINANCIAL CORPORATION

September 30, 2008

INDEX

Part I Financial Information	<u>Page No.</u>
Item 1. Financial Statements	
Consolidated Balance Sheets as of September 30, 2008 and December 31, 2007	1
Consolidated Statements of Income for the Three-Months ended September 30, 2008 and 2007	2
Consolidated Statements of Cash Flow for the Three-Months ended September 30, 2008 and 2007	3
Notes to Consolidated Financial Statements	4

Item 2. Management's Discussion and Analysis of Financial Condition And Results of Operations	8
Item 4. Controls and Procedures	10
Part II Other Information	
Item 1. Legal Proceedings	11
Item 3. Default Upon Senior Securities	11
Item 4. Submission of Matters to a Vote of Security Holders	12
Item 6. Exhibits	13

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Item 1. Financial  
Statements

First Financial Corporation  
Consolidated Balance Sheet

As of September 30, 2008 and December 31, 2007  
(Unaudited)

	<u>9/30/2008</u>	<u>12/31/2007</u>
Assets		
-----		
Cash and cash equivalents	\$ 14,099	\$ 82,769
Accounts receivable	84,586	88,449
Marketable investment securities	746,403	1,371,507
Mortgage loans	1,780	5,080
Property and equipment	-	2,160
Prepaid expense and other assets	68,087	114,876
 Total Assets	 \$ 914,955	 \$ 1,664,841
 Liabilities and Stockholders' Deficit		
-----		
Notes payable	\$ 2,843,318	\$ 2,464,970
Accounts payable	143,017	51,438
Estimated reserve for indemnifications and early payment default losses	3,916,875	4,332,843
Accrued expenses and other liabilities	216,309	124,721
 Total Liabilities	 7,119,519	 6,973,972
 Stockholders' deficit:		
Common stock - no par value; authorized 500,000 shares; issued 402,058 shares	1,000	1,000
Additional paid-in capital	1,454,594	1,454,594
Retained earnings	(8,051,751)	(7,767,269)
Accumulated other comprehensive income:		
Unrealized gain (loss) on marketable securities, net of tax	391,593	1,002,544
	(6,204,563)	(5,309,131)
Less: Treasury stock - at cost	-	-

Total Stockholders' Deficit		(6,204,563)		(5,309,131)
Total Liabilities and Stockholders' Deficit	\$	914,955	\$	1,664,841

See accompanying notes to consolidated  
financial statements.

-1-

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First Financial Corporation  
Consolidated Statements of Income  
Three months and nine months ended September 30, 2008 and 2007  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:				
Loan administration	\$ 170	\$ 300	\$ 660	\$ 8,285
Interest income	94	4,013	321	13,715
Oil and gas royalties	44,234	20,169	122,352	34,699
Net gain from sale of securities	26,230	35,265	56,332	84,448
Other income	0	-	545	9,226
Total Revenues	70,728	59,747	180,210	150,373
Expenses:				
Salaries and related expenses	20,919	34,340	75,994	109,855
Interest expense	58,342	3,348	121,604	7,593
Provision for loan losses	- 4,597	304,972 141,023	- 267,091	1,050,153 425,773



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Professional fees and other administrative expenses					
Total Expenses	83,857	483,682	464,689	1,593,374	
Income (loss) before provision for income tax	(13,129)	(423,935)	(284,479)	(1,443,000)	
Federal income taxes	-	-	-	-	
Net income (loss)	(13,129)	(423,935)	(284,479)	(1,443,000)	
Other comprehensive income:					
Unrealized holding gains (losses)	73,633	(513,372)	(610,951)	995,529	
Comprehensive income (loss)	\$ 60,504	\$ (937,307)	\$ (895,430)	\$ (447,471)	
Income Per Common Share	\$0.15	(\$2.33)	(\$2.23)	(\$1.11)	