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HMG COURTLAND PROPERTIES INC
Form 10QSB
July 30, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

--

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
-- EXCHANGE ACT OF 1934

For the Quarterly period ended June 30, 2004

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 1-7865

HMG/COURTLAND PROPERTIES, INC.

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

Delaware

59-1914299

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1870 S. Bayshore Drive, Coconut Grove, Florida 33133

(Address of principal executive offices) (Zip Code)

305-854-6803

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last
report)

Check whether the issuer (1) has filed all reports required to be filed
by Sections 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 x No

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APPLICABLE ONLY TO CORPORATE ISSUERS:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

1,089,135 Common shares were outstanding as of June 30, 2004.

HMG/COURTLAND PROPERTIES, INC.

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Cautionary Statement. This Form 10-QSB contains certain statements relating to future results of the Company that are considered "forward-looking statements" within the meaning of the Private Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied as a result of certain

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risks and uncertainties, including, but not limited to, changes in political and economic conditions; interest rate fluctuation; competitive pricing pressures within the Company's market; equity and fixed income market fluctuation; technological change; changes in law; changes in fiscal, monetary, regulatory and tax policies; monetary fluctuations as well as other risks and uncertainties detailed elsewhere in this Form 10-QSB or from time-to-time in the filings of the Company with the Securities and Exchange Commission. Such forward-looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

| | | June 30, 2004 ---- |
|---|--|--------------------------|
| ASSETS | | (UNAUDITED) |
| Investment properties, net of accumulated depreciation: | | |
| Commercial and industrial | | \$998,627 |
| Hotel and club facility | | 4,016,529 |
| Yacht slips | | 131,620 |
| Land held for development | | 1,083,855 |
| Total investment properties, net | | 6,230,631 |
| Cash and cash equivalents | | 3,533,544 |
| Cash restricted pending delivery of securities | | 95,986 |
| Investments in marketable securities | | 6,659,481 |
| Other investments | | 5,240,828 |
| Investment in affiliate | | 2,960,035 |
| Loans, notes and other receivables | | 905,726 |
| Notes and advances due from related parties | | 778,369 |
| Deferred taxes | | 464,000 |
| Other assets | | 195,605 |
| TOTAL ASSETS | | \$27,064,205 |
| LIABILITIES | | |
| Mortgages and notes payable | | \$7,367,445 |
| Accounts payable and accrued expenses | | 258,814 |
| Accrued income taxes payable | | 182,000 |
| Sales of securities pending delivery | | 112,830 |

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| | | |
|---|--------------|--|
| TOTAL LIABILITIES | 7,921,089 | |
| Minority interests | 301,478 | |
| STOCKHOLDERS' EQUITY | | |
| Preferred stock, \$1 par value; 2,000,000 shares authorized; none issued | | |
| Excess common stock, \$1 par value; 500,000 shares authorized; none issued | | |
| Common stock, \$1 par value; 1,500,000 shares authorized; 1,315,635 shares issued and outstanding | 1,315,635 | |
| Additional paid-in capital | 26,571,972 | |
| Undistributed gains from sales of properties, net of losses | 41,327,464 | |
| Undistributed losses from operations | (48,455,569) | |
| | 20,759,502 | |
| Less: Treasury stock, at cost (226,500 shares) | (1,659,114) | |
| Notes receivable from exercise of stock options | (258,750) | |
| TOTAL STOCKHOLDERS' EQUITY | 18,841,638 | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$27,064,205 | |

See notes to the condensed consolidated financial statements

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HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

| REVENUES | Three months ended 2004 | June 30, 2003 |
|---|----------------------------|------------------|
| | ---- | ---- |
| Real estate rentals and related revenue | \$367,028 | \$402,951 |

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| | | |
|---|-----------|---------|
| Marina revenues | 116,176 | 118,030 |
| Net (loss) gain from investments in marketable securities | (249,477) | 324,500 |
| Net gain from other investments | 152,270 | 77,650 |
| Interest, dividend and other income | 106,310 | 67,489 |
| Total | 492,307 | 990,620 |

EXPENSES

| | | |
|--------------------------------|---------|---------|
| Operating expenses: | | |
| Rental and other properties | 117,961 | 121,187 |
| Marina expenses | 96,778 | 87,565 |
| Depreciation and amortization | 122,465 | 145,411 |
| Adviser's base fee | 225,000 | 225,000 |
| General and administrative | 80,736 | 74,277 |
| Professional fees and expenses | 40,634 | 64,252 |
| Directors' fees and expenses | 13,258 | 16,708 |
| Total operating expenses | 696,832 | 734,400 |

| | | |
|---|---------|---------|
| Interest expense | 116,120 | 123,706 |
| Minority partners' interests in operating gain of consolidated entities | 4,427 | 10,659 |
| Total expenses | 817,379 | 868,765 |

| | | |
|---|-------------|----------|
| (Loss) income before sales of properties and income taxes | (325,072) | 121,855 |
| Gain on sales of properties, net | 1,801,335 | 39,112 |
| Income (loss) before income taxes | 1,476,263 | 160,967 |
| Provision for income taxes | 134,000 | 120,000 |
| Net Income (loss) | \$1,342,263 | \$40,967 |

| | | |
|-------------------------------------|--------|--------|
| Net Income (loss) Per Common Share: | | |
| Basic | \$1.23 | \$0.04 |
| Diluted | \$1.22 | \$0.04 |

| | | |
|--|-----------|-----------|
| Weighted average common shares outstanding Basic | 1,089,135 | 1,089,135 |
| Weighted average common shares outstanding Diluted | 1,103,271 | 1,098,153 |

See notes to the condensed consolidated financial statements

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HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|---------|
| Net income (loss) | \$1,179 |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: | |
| Depreciation and amortization | 266 |
| Net gain from other investments | (104) |
| Gain on sales of properties, net | (1,848) |
| Net loss (gain) from investments in marketable securities | 135 |
| Minority partners' interest in operating gains | 1 |
| Deferred income tax expense | 14 |
| Changes in assets and liabilities: | |
| (Increase) decrease in other assets and other receivables | (153) |
| Net proceeds from sales and redemptions of securities | 1,403 |
| Increase in restricted cash | (95) |
| Increase (decrease) in sales of securities pending delivery | 111 |
| Increased investments in marketable securities | (3,304) |
| Increase in accounts payable and accrued expenses | 185 |
| Increase in accrued income taxes payable | 182 |
| Decrease in other liabilities | - |
| Total adjustments | (3,206) |
| Net cash (used in) provided by operating activities | (2,026) |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|-------|
| Net proceeds from disposals of properties | 3,440 |
| Decrease in notes and advances from related parties | 21 |
| Net decrease in mortgage loans and notes receivables | 291 |
| Distributions from other investments | 869 |
| Contributions to other investments | (939) |
| Net cash provided by investing activities | 3,685 |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---|-------|
| Repayment of mortgages and notes payables | (718) |
| Net distributions to minority partners | (30) |

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| | |
|--|---------|
| Net cash used in financing activities | (749) |
| Net increase in cash and cash equivalents | 908 |
| Cash and cash equivalents at beginning of the period | 2,624 |
| Cash and cash equivalents at end of the period | \$3,533 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | |
| Cash paid during the period for interest | \$229 |
| Cash paid during the period for income taxes | -- |

See notes to condensed consolidated financial statements

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HMG/COURTLAND PROPERTIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements prepared in accordance with instructions for Form 10QSB, include all adjustments (consisting only of normal recurring accruals) which are necessary for a fair presentation of the results for the periods presented. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the Company's Annual Report for the year ended December 31, 2003. The balance sheet as of December 31, 2003 was derived from audited financial statements as of that date. The results of operations for the three and six months ended June 30, 2004 are not necessarily indicative of the results to be expected for the full year.

2. RECENT ACCOUNTING PRONOUNCEMENTS.

During April 2003, the FASB issued SFAS 149 - "Amendment of Statement 133 on Derivative Instruments and Hedging Activities", effective for contracts entered into or modified after June 30, 2003, except as stated below and for hedging relationships designated after June 30, 2003. In addition, except as stated below, all provisions of this Statement should be applied prospectively. The provisions of this Statement that relate to Statement 133 Implementation Issues

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that have been effective for fiscal quarters that began prior to June 15, 2003, should continue to be applied in accordance with their respective effective dates. In addition, paragraphs 7(a) and 23(a), which relate to forward purchases or sales of then-issued securities or other securities that do not yet exist, should be applied to both existing contracts and new contracts entered into after June 30, 2003. The Company does not participate in such transactions, and accordingly, adoption of this statement did not have a material effect on the Company's financial statements.

During May 2003, the FASB issued SFAS 150 - "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity", effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a freestanding financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of those instruments were previously classified as equity. Some of the provisions of this Statement are consistent with the current definition of liabilities in FASB Concepts Statement No. 6, "Elements of Financial Statements". The Company does not participate in such transactions, and accordingly, adoption of this statement did not have a material effect on the Company's financial statements.

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HMG/COURTLAND PROPERTIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
(Unaudited)

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to variable interest entities ("VIE's") created after January 31, 2003, and to VIE's in which an enterprise obtains an interest after that date. On October 9, 2003 the FASB issued FASB Staff Position No. FIN 46-6 "Effective Date of FASB Interpretation No.46 Consolidation of Variable Interest Entities," which defers the implementation date for public entities that hold an interest in a variable interest entity or potential variable interest entity from the first fiscal year or interim period beginning after June 15, 2003 to the end of the first interim or annual period ending after December 15, 2003. This deferral applies only if 1) the variable interest entity was created before February 1, 2003 and 2) the

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public entity has not issued financial statements reporting that variable interest entity in accordance with FIN 46, other than disclosures required by paragraph 26 of FIN 46. The adoption of FIN 46 did not have a material impact on the Company's financial position, liquidity or results of operations.

3. GAIN ON SALES OF PROPERTIES

 In April 2004 the Company sold its shopping center near Jacksonville, Florida for approximately \$3.9 million and recognized a net gain on the sale of \$1.8 million.

In March 2004 Grove Isle Yacht Club Associates (GIYCA) sold one yacht slip located in Miami, Florida resulting in a net gain to the Company of approximately \$48,000.

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HMG/COURTLAND PROPERTIES, INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Continued)
 (Unaudited)

4. INVESTMENTS IN MARKETABLE SECURITIES

 Investments in marketable securities consist primarily of large capital corporate equity and debt securities in varying industries or issued by government agencies with readily determinable fair values. These securities are stated at market value, as determined by the most recent traded price of each security at the balance sheet date. Consistent with the Company's overall current investment objectives and activities its entire marketable securities portfolio is classified as trading.

Net gain (loss) from investments in marketable securities for the three and six months ended June 30, 2004 and 2003 is summarized below:

| Description | Three months ended June 30, | | Six mon |
|---|-----------------------------|------------|---------|
| | 2004 | 2003 | 2 |
| Net realized loss from sales of securities | (\$5,000) | (\$40,000) | (\$13 |
| Unrealized net (loss) gain in trading securities | (244,000) | 373,000 | (122 |
| Net change in sales of securities pending delivery | --- | (9,000) | |
| Total net (loss) gain from investments in marketable securities | (\$249,000) | \$324,000 | (\$135 |

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For the three and six months ended June 30, 2004 net realized loss from sales of marketable securities of approximately \$5,000 and \$13,000 consisted of approximately \$10,000 of gross losses net of \$5,000 of gross gains for the three month period and approximately \$89,000 of gross losses net of \$76,000 of gross gains for the six month period. For the three and six months ended June 30, 2003 net realized loss from sales of marketable securities of approximately \$40,000 and \$75,000 consisted of approximately \$155,000 of gross losses net of \$115,000 of gross gains for the three month period and approximately \$204,000 of gross losses net of \$129,000 of gross gains for the six month period.

Net change in sales of securities pending delivery in 2003 represents the changes in the market value of those securities and the delivery of securities to realize gain or loss from these transactions. Such amounts in 2004 were insignificant.

Investment gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company's net earnings. However, the amount of investment gains or losses on marketable securities for any given period has no predictive value and variations in amount from period to period have no practical analytical value.

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HMG/COURTLAND PROPERTIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
(Unaudited)

5. OTHER INVESTMENTS

As of June 30, 2004, the Company has committed to invest approximately \$10.6 million in other investments primarily in private capital funds, of which approximately \$9.3 million has been funded. The carrying value of other investments (which reflects distributions and valuation adjustments) is approximately \$5.2 million. During the six months ended June 30, 2004 the Company has made contributions of approximately \$939,000 and has received distributions of approximately \$870,000 from these investments. The contributions include \$575,000 made to two new investments during the three months ended June 30, 2004. The distributions in 2004 primarily consisted of return of capital distribution in the amount of \$535,000 from an investment in a partnership which sold and recapitalized several of its operating businesses and distributed the proceeds to its partners.

Net (loss) gain from other investments for the three and six months ended June 30, 2004 and 2003, is summarized below:

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| Description | Three months ended June 30, | | Six |
|--|-----------------------------|----------|-----------|
| | 2004 | 2003 | 2004 |
| Partnership owning diversified operating companies | \$140,000 | -- | \$140,000 |
| Technology-related venture fund | -- | -- | (104,000) |
| Real estate development and operation | 2,000 | 79,000 | 40,000 |
| Income from investment in 49% owned affiliate (T.G.I.F. Texas, Inc.) | 13,000 | 2,000 | 34,000 |
| Others, net | (3,000) | (3,000) | (6,000) |
| Total net gain (loss) from other investments | \$152,000 | \$78,000 | \$104,000 |

In May 2004, the Company received a distribution approximately \$271,000 from an investment in a partnership which recapitalized one of its operating companies. The excess of the distribution over the carrying value of the investment resulted in a capital gain of \$140,000.

In March 2004, the Company reduced the carrying value of one of its investments in a venture capital fund by \$104,000. This fund experienced a decline in the market value of its holdings in publicly-traded companies having a concentration in technology and communications

6. MORTGAGES AND NOTES PAYABLE

Included in mortgages and notes payable as of June 30, 2004 and December 31, 2003 is approximately \$3.7 million of notes payable to a 49%-owned affiliate, T.G.I.F. Texas, Inc., as previously disclosed.

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7. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the three and six months ended June 30, 2004 and 2003 are computed as follows:

For the three months ended For
June 30,

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| | 2004 ---- | 2003 ---- | 2002 --- |
|--|--------------|--------------|-------------|
| Basic: | | | |
| ----- | | | |
| Net Income (loss) | \$1,342,263 | \$40,967 | \$1,179,000 |
| Weighted average shares outstanding | 1,089,135 | 1,089,135 | 1,089,135 |
| | ----- | | |
| Basic earnings (loss) per share | \$1.23 | \$0.04 | \$1.07 |
| | ===== | | |
| Diluted: | | | |
| ----- | | | |
| Net Income (loss) | \$1,342,263 | \$40,967 | \$1,179,000 |
| Weighted average shares outstanding | 1,089,135 | 1,089,135 | 1,089,135 |
| Plus incremental shares from assumed conversion: Stock options | 14,136 | 9,018 | 14,136 |
| | ----- | | |
| Diluted weighted average common shares | 1,103,271 | 1,098,153 | 1,103,271 |
| | ----- | | |
| Diluted earnings (loss) per share | \$1.22 | \$0.04 | \$1.07 |
| | ===== | | |

(8)

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

RESULTS OF OPERATIONS

The Company reported net income of approximately \$1.3 million (or \$1.23 per basic share and \$1.22 per diluted share) and \$1.2 million (or \$1.08 per basic share and \$1.07 per diluted share) for the three and six months ended June 30, 2004, respectively. This is as compared with net income of approximately \$41,000 (or \$.04 per basic and diluted share) for the three months ended March 31, 2003 and a net loss of approximately \$155,000 (or \$.14 per basic and diluted share) for the six months ended June 30, 2003. Total revenues for the three and six months ended June 30, 2004 as compared with the same periods in 2003, decreased by approximately \$498,000 or 50% and \$450,000 or 28%, respectively. Total expenses for the three and six months ended June 30, 2004, as compared with the same periods in 2003, decreased by approximately \$51,000 or 6% and \$84,000 or

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5%, respectively. Gain on sales of properties for the three and six months ended June 30, 2004 was approximately \$1.8 million as compared with gains of approximately \$39,000 and \$78,000 for the three and six months ended June 30, 2003.

REVENUES

Rentals and related revenues for the three and six months ended June 30, 2004 as compared with the same comparable periods in 2003 decrease by \$36,000 (9%) and \$19,000 (2%), respectively. The decrease for the three month comparable periods was primarily due to the sale in April 2004 of the shopping center located near Jacksonville, Florida.

Net loss from investments in marketable securities for the three and six months ended June 30, 2004 was approximately \$249,000 and \$135,000, respectively. This is as compared with net gain from investments in marketable securities of approximately \$325,000 and \$300,000, respectively, for the same comparable periods in 2003. For further details refer to Note 4 to Condensed Consolidated Financial Statements (unaudited).

Net gain from other investments for the three and six months ended June 30, 2004 was approximately \$152,000 and \$104,000, respectively. This is as compared with a net gain of approximately \$78,000 and \$146,000, respectively, for the same comparable periods in 2003. For further details refer to Note 5 to Condensed Consolidated Financial Statements (unaudited).

Interest and dividend income for the three and six months ended June 30, 2004 was approximately \$106,000 and \$185,000, respectively. This is as compared with approximately \$67,000 and \$130,000, respectively, for the same comparable periods in 2003. The increases from last year of \$39,000 (or 58%) for the three month periods and \$55,000 (or 42%) for the six month periods was primarily due to an increase in investments bonds and other fixed income securities.

EXPENSES

Expenses for rental and other properties for the six months ended June 30, 2004 decreased by approximately \$27,000 (or 10%) as compared to that for the six months ended June 30, 2003. This was primarily the result of decreased operating expenses of approximately \$39,000 relating to the sale of the shopping center in April 2004. This decrease was partially offset by increased insurance costs at the Grove Isle property.

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Management's Discussion and Analysis of Financial
Condition and Results of Operations
(continued)

Marina expenses for the three and six months ended June 30, 2004 increased by approximately \$9,000 (or 11%) and \$27,000 (or 15%), respectively, as compared with the same comparable periods in 2003. This was primarily due to increased insurance expense as a result of the reinstatement of windstorm coverage at the Grove Isle Marina in 2004 and increased payroll and related expenses.

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Professional fees expense for the three and six months ended June 30, 2004 decreased by approximately \$24,000 (or 37%) and \$40,000 (or 37%), respectively, as compared with the same comparable periods in 2003. This decrease was primarily the result of a reduction in the Company legal expenses.

Interest expense for the three and six months ended June 30, 2004 decreased by approximately \$8,000 (or 6%) and \$22,000 (or 9%), respectively, as compared with the same comparable periods in 2003. This decrease was primarily as the result of an overall reduction in outstanding debt.

EFFECT OF INFLATION:

Inflation affects the costs of operating and maintaining the Company's investments. In addition, rentals under certain leases are based in part on the lessee's sales and tend to increase with inflation, and certain leases provide for periodic adjustments according to changes in predetermined price indices.

LIQUIDITY, CAPITAL EXPENDITURE REQUIREMENTS AND CAPITAL RESOURCES

The Company's material commitments in 2004 primarily consist of maturities of debt obligations of approximately \$3.8 million and commitments to fund private capital investments of approximately \$1.3 million due upon demand. The funds necessary to meet these obligations are expected to be available from the proceeds of sales of properties or investments, refinancing, distributions from investments and available cash. The majority of maturing debt obligations for 2004 is a note payable to the Company's 49% owned affiliate, T.G.I.F. Texas, Inc. ("TGIF") of approximately \$3.7 million. This amount is due on demand. It is expected that this obligation when due to TGIF would be paid with funds available from distributions from its investment in TGIF and from available cash.

MATERIAL COMPONENTS OF CASH FLOWS

For the six months ended June 30, 2004, net cash used in operating activities was approximately \$2 million. Included in this amount is an increase in investments of marketable securities of approximately \$3.3 million less proceeds from sales of marketable securities of approximately \$1.4 million.

For the six months ended June 30, 2004, net cash provided by investing activities was approximately \$3.7 million. This was comprised primarily of proceeds from the sales of properties of approximately \$3.4 million.

For the six months ended June 30, 2004, net cash used in financing activities was approximately \$749,000 primarily consisting of repayments of mortgages and notes payable.

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Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.
Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered

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by this Quarterly Report on Form 10-QSB have concluded that, based on such evaluation, our disclosure controls and procedures were adequate and designed to ensure that material information relating to us and our consolidated subsidiaries, which we are required to disclose in the reports we file or submit under the Exchange Act of 1934, was made known to them by others within those entities and reported within the time periods specified in the SEC's rules and forms.

(b) There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls during the quarter covered by this report or from the end of the reporting period to the date of this Form 10-QSB.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings: None.

Item 2. Changes in Securities and Small Business Issuers Purchase of Equity

Securities: None.

Item 3. Defaults Upon Senior Securities: None.

Item 4. Submission of Matters to a Vote of Security Holders: None.

Item 5. Other Information: None.

Item 6. Exhibits and Reports on Form 8-K:

(a) Certifications pursuant to 18 USC Section 1350-Sarbanes-Oxley Act of 2002. Filed herewith.

(b) Reports on Form 8-K filed for the quarter ended June 30, 2004:

(11)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HMG/COURTLAND PROPERTIES, INC.

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Dated: July 30, 2004

/s/Lawrence Rothstein
President, Treasurer and Secretary
Principal Financial Officer

Dated: July 30, 2004

/s/Carlos Camarotti
Vice President - Finance and Controller
Principal Accounting Officer

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