

TIDELANDS INVESTMENT CORPORATION

**BOX 7125
CORPUS CHRISTI, TEXAS 78514**

NOTICE OF ANNUAL MEETING

March 16, 1972

To the Stockholders:

The regular Annual Meeting of Tidelands Investment Corporation will be held on Monday, April 3, 1972 at 9:00 A.M. in the Home Office Building located at 2357 Horne Road, Corpus Christi, Texas for the following purposes:

1. To elect the directors to serve for the ensuing year.
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

If you are unable to attend, you should complete and return the enclosed proxy card in the postage paid envelope, so that maximum representation will be present.

Sincerely,



O. V. Jackson
President

The financial statement enclosed does not reflect the assets of Tidelands Life Insurance Company.

Please Complete and Mail Promptly

TIDELANDS INVESTMENT CORP., Corpus Christi, Texas

Proxy:

Know All Men by These Presents, That I, the undersigned, do hereby constitute and appoint O. V. Jackson, President; or Bob Hulbirt, Secretary, with power to be exercised by them or any or more of them, for me and in my name, place, and stead to vote as my proxy at the annual meeting of the stockholders of Tidelands Investment Corp., to be held on Monday, the 3rd of April, 1972 at 9:00 o'clock A.M. at the Home Office, 2357 Horne Road, Corpus Christi, Texas, and at any and all adjournments or postponements of said meeting, upon any and all matters referred to in the notice of the said meeting dated March 16th, 1972, to which notice this proxy was attached at the time of the receipt thereof by me, according to the number of votes I should be entitled to vote if then personally present, with full power of substitution and revocation, hereby ratifying and confirming all that my said proxies, or either of them or their substitutes, may do by virtue hereof, and I do hereby revoke any and all proxies heretofore given by me for any purpose whatsoever.

Date _____, 1972

Please sign as name appears on stock certificate. For joint accounts, each joint owner should sign.

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

PETROLEUM TOWER

CORPUS CHRISTI, TEXAS 78401

TIDELANDS INVESTMENT CORPORATION

Financial Statements

December 31, 1971

The Board of Directors
Tidelands Investment Corporation:

The accompanying balance sheet of Tidelands Investment Corporation as of December 31, 1971, and the related statements of earnings and retained earnings and changes in financial position for the year then ended were not audited by us and accordingly we do not express an opinion on them.

(Unaudited)

Peat, Marwick, Mitchell & Co.

February 25, 1972

Statement of Changes in Financial Position

Year ended December 31, 1971
with comparative figures for 1970
(Unaudited)

	<u>1971</u>	<u>1970</u>
Funds provided:		
Net earnings	\$ 6,709	6,424
Add (deduct) charges against earnings not requiring funds:		
Depreciation	2,315	3,125
Gain on disposition of assets	<u>(1,231)</u>	<u>-</u>
Funds provided by operations	7,793	9,549
Redemption of premium debenture bonds	19,774	21,376
Proceeds from disposition of assets, net of selling expenses	<u>4,885</u>	<u>4,030</u>
	\$ <u>32,452</u>	<u>34,955</u>
Funds used:		
Purchase of property and equipment	\$ 1,763	-
Repayment and reclassification of long-term debt	11,844	7,312
Purchase of corporate stocks	9,000	-
Purchase of treasury shares	2,210	3,701
Increase in working capital	<u>7,635</u>	<u>23,942</u>
	\$ <u>32,452</u>	<u>34,955</u>
Changes in working capital:		
Increase (decrease) in current assets:		
Cash	\$ 585	160
Accounts receivable	-	(156)
Notes receivable	(125)	880
Prepaid expenses	<u>923</u>	<u>338</u>
	<u>1,383</u>	<u>1,222</u>
Increase (decrease) in current liabilities:		
Note payable to bank	(5,000)	(5,000)
Current installments of long-term debt	(1,002)	(14,555)
Accrued expenses	(267)	(1,663)
Federal income tax payable	<u>17</u>	<u>(1,502)</u>
	<u>(6,252)</u>	<u>(22,720)</u>
	\$ <u>7,635</u>	<u>23,942</u>

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1971
(Unaudited)

(1) Long-Term Debt

Long-term debt and assets pledged as security thereon at December 31, 1971 follows:

<u>Payee</u>	<u>Current Installments</u>	<u>Long-Term</u>	<u>Security</u>
Annuity Board of the Southern Baptist Convention, 5-1/2% note due in monthly installments of \$804 including interest	\$ <u>6,309</u>	<u>57,276</u>	Land and buildings, 2357 Horne Road, Corpus Christi, Texas

(2) Property, Plant and Equipment

Depreciation of property, plant and equipment is computed as follows:

<u>Asset</u>	<u>Estimated Life</u>	<u>Method</u>
Buildings and improvements	40 years	Declining-balance
Office furniture and fixtures	10 years	Straight-line

TIDELANDS INVESTMENT CORPORATION

Statement of Earnings and Retained Earnings

Year ended December 31, 1971
with comparative figures for 1970

(Unaudited)

	<u>1971</u>	<u>1970</u>
Revenues:		
Rent	\$ 11,675	13,725
Interest, substantially from Tidelands Life Insurance Company	13,414	14,644
Other	<u>240</u>	<u>55</u>
Total revenues	<u>25,329</u>	<u>28,424</u>
Expenses:		
Management fee	4,350	3,150
Insurance	424	354
Legal and accounting	3,250	3,265
Depreciation	2,315	3,125
Taxes	2,102	3,495
Interest	4,209	6,073
Miscellaneous	42	149
Maintenance and repairs	706	21
Stockholders' meeting	<u>570</u>	<u>502</u>
Total expenses	<u>17,968</u>	<u>20,134</u>
Operating profit	7,361	8,290
Other income - gain from disposition of assets	<u>1,231</u>	<u>-</u>
Net earnings before Federal income taxes	8,592	8,290
Federal income taxes	<u>1,883</u>	<u>1,866</u>
Net earnings (\$.01 per share of common stock - 1970, \$.01; based on the average number of shares outstanding during each year)	6,709	6,424
Retained earnings (deficit) at beginning of year	<u>(75,174)</u>	<u>(81,598)</u>
Retained earnings (deficit) at end of year	\$ <u>(68,465)</u>	<u>(75,174)</u>
See accompanying notes to financial statements.		

TIDELANDS INVESTMENT CORPORATION

Balance Sheet

December 31, 1971
with comparative figures for 1970
(Unaudited)

<u>Assets</u>	<u>1971</u>	<u>1970</u>
Current assets:		
Cash	\$ 4,553	3,968
Notes receivable	755	880
Prepaid expenses	<u>1,734</u>	<u>811</u>
Total current assets	<u>7,042</u>	<u>5,659</u>
Investments at cost:		
Corporate stocks	24,757	15,757
General manager's contract, Tidelands Life Insurance Company; premium revenue debenture bonds, Tidelands Life Insurance Company	<u>259,106</u>	<u>278,880</u>
Total investments	<u>283,863</u>	<u>294,637</u>
Property, plant and equipment, at cost (notes 1 and 2):		
Land	72,350	72,350
Buildings and improvements	51,985	68,015
Furniture and fixtures	<u>17,582</u>	<u>17,582</u>
	141,917	157,947
Less accumulated depreciation	<u>20,218</u>	<u>32,042</u>
Net property, plant and equipment	<u>121,699</u>	<u>125,905</u>
Other asset- organization expense	<u>1,160</u>	<u>1,160</u>
	<u>\$ 413,764</u>	<u>427,361</u>
<u>Liabilities and Stockholders' Equity</u>		
Current liabilities:		
Note payable to bank, unsecured	\$ 5,000	10,000
Current installments of long-term debt (note 1)	6,309	7,311
Accrued expenses	495	762
Federal income taxes	<u>1,883</u>	<u>1,866</u>
Total current liabilities	<u>13,687</u>	<u>19,939</u>
Long-term debt, less current installments (note 1)	57,276	69,120
Stockholders' equity:		
Preferred stock without par value. Authorized 25,000 shares; issued 4.4 shares	14	14
Common stock without par value. Authorized 500,000 shares; issued 498,866 shares	415,446	415,446
Additional paid-in capital	4,681	4,681
Retained earnings (deficit)	<u>(68,465)</u>	<u>(75,174)</u>
	351,676	344,967
Less cost of 12,755 common shares in treasury (10,135 in 1970)	<u>8,875</u>	<u>6,665</u>
Total stockholders' equity	<u>342,801</u>	<u>338,302</u>
	<u>\$ 413,764</u>	<u>427,361</u>

See accompanying notes to financial statements.