

Edgar Filing: MAYS J W INC - Form 10-Q

MAYS J W INC  
Form 10-Q  
June 07, 2007

FORM 10-Q

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

[ X ] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2007

[ ] 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 1-3647

J.W. Mays, Inc.  
(Exact name of registrant as specified in its charter)

New York 11-1059070  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

9 Bond Street, Brooklyn, New York 11201-5805  
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code) 718-624-7400

Not Applicable  
(Former name, former address and former fiscal year, if changed since last report)

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 X No  
-----

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer X  
-----

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

-----

Indicate the number of shares outstanding of the issuer's common stock, as of the latest practicable date.

Class Outstanding at June 6, 2007  
Common Stock, \$1 par value 2,015,780 shares

This report contains 20 pages.

Edgar Filing: MAYS J W INC - Form 10-Q

- 1 -

J. W. MAYS, INC.

INDEX

|  | Page No. |
|--|----------|
| Part I - Financial Information:  |          |
| Consolidated Balance Sheet   | 3        |
| Consolidated Statement of Income<br>and Retained Earnings  | 4        |
| Consolidated Statement of Comprehensive Income   | 4        |
| Consolidated Statement of Cash Flows   | 5        |
| Notes to Consolidated Financial Statements   | 6 - 11   |
| Management's Discussion and Analysis of Results<br>of Operations and Financial Condition                   | 12 - 15  |
| Controls and Procedures  | 15       |
| Part II - Other Information  | 16       |
| Signatures   | 17       |
| (31) Certifications Pursuant to Section 302 of the<br>Sarbanes-Oxley Act of 2002                           |          |
| (31.1) - Chief Executive Officer   | 18       |
| (31.2) - Chief Financial Officer   | 19       |
| (32) Certification Pursuant to Section 906 of the<br>Sarbanes-Oxley Act of 2002;<br>18 U.S.C. Section 1350 | 20       |

- 2 -

J. W. MAYS, INC.

CONSOLIDATED BALANCE SHEET

| ASSETS                                       | April 30<br>2007 | July 31<br>2006 |
|--|------------------|-----------------|
| -----  | -----            | -----           |
|  | (Unaudited)      | (Audited)       |
| Property and Equipment - Net (Notes 6 and 7) | \$44,979,436     | \$45,794,108    |



Edgar Filing: MAYS J W INC - Form 10-Q

|  |              |              |
|--|--------------|--------------|
| Unrealized gain on available for sale securities - net of deferred taxes of \$20,000 at April 30, 2007 and \$16,000 at July 31, 2006 | 39,748       | 31,748       |
| Retained earnings  | 33,202,739   | 33,370,969   |
|  | -----        | -----        |
|  | 38,767,029   | 38,927,259   |
| Less common stock held in treasury, at cost - 162,517 shares at April 30, 2007 and at July 31, 2006 (Note 12)                        | 1,287,852    | 1,287,852    |
|  | -----        | -----        |
| Total shareholders' equity   | 37,479,177   | 37,639,407   |
|  | -----        | -----        |
| Contingencies (Note 13)  |              |              |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY   | \$56,299,656 | \$57,290,305 |
|  | =====        | =====        |

See Notes to Consolidated Financial Statements.

- 3 -

J. W. MAYS, INC.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

|   | Three Months Ended<br>April 30 |             |       |
|---|--------------------------------|-------------|-------|
|   | 2007                           | 2006        |       |
|   | -----                          | -----       | ----- |
|   |                                | <           |       |
| Revenues  |                                |             |       |
| Rental income (Notes 5 and 9)   | \$3,450,801                    | \$3,362,194 | \$10  |
| Recovery of real estate taxes   | 25,487                         | 163,835     |       |
|   | -----                          | -----       | ----- |
| Total revenues  | 3,476,288                      | 3,526,029   | 10    |
|   | -----                          | -----       | ----- |
| Expenses  |                                |             |       |
| Real estate operating expenses  | 2,191,194                      | 2,020,651   | 6     |
| Administrative and general expenses   | 760,432                        | 829,390     | 2     |
| Depreciation and amortization   | 395,382                        | 381,264     | 1     |
|   | -----                          | -----       | ----- |
| Total expenses  | 3,347,008                      | 3,231,305   | 9     |
|   | -----                          | -----       | ----- |
| Income from operations before investment income,<br>interest expense and income taxes | 129,280                        | 294,724     |       |
|   | -----                          | -----       | ----- |
| Investment income and interest expense  |                                |             |       |
| Investment income (Note 4)  | 18,422                         | 38,111      |       |
| Interest expense (Notes 6, 8, and 11)   | (251,272)                      | (216,698)   |       |
|   | -----                          | -----       | ----- |
|   | (232,850)                      | (178,587)   |       |
|   | -----                          | -----       | ----- |

Edgar Filing: MAYS J W INC - Form 10-Q

|   |              |              |      |
|---|--------------|--------------|------|
| Income (loss) before income taxes       | (103,570)    | 116,137      |      |
| Income taxes provided (benefit)         | (122,000)    | 21,000       |      |
| Net income (loss)                       | 18,430       | 95,137       |      |
| Retained earnings, beginning of period  | 33,184,309   | 32,006,699   | 33   |
| Retained earnings, end of period        | \$33,202,739 | \$32,101,836 | \$33 |
| Income (loss) per common share (Note 2) | \$.01        | \$.05        |      |
| Dividends per share                     | \$-          | \$-          |      |
| Average common shares outstanding       | 2,015,780    | 2,015,780    | 2    |

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | Three Months Ended<br>April 30 |             |    |
|--|--------------------------------|-------------|----|
|  | 2007                           | 2006        |    |
|  | (Unaudited)                    | (Unaudited) | (U |
| Net income (loss)  | \$18,430                       | \$95,137    | \$ |
| Other comprehensive income, net of taxes (Note 3)  |                                |             |    |
| Unrealized gain on available-for-sale securities:<br>Net of taxes of \$ 0 and \$43,000 for the three<br>months ended April 30, 2007 and 2006, respectively,<br>and \$4,000 and \$101,000 for the nine months ended<br>April 30, 2007 and 2006, respectively. | (1,000)                        | 85,619      |    |
| Net change in comprehensive income   | -                              | 85,619      |    |
| Comprehensive income (loss)  | \$17,430                       | \$180,756   | \$ |

See Notes to Consolidated Financial Statements.

- 4 -

J. W. MAYS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

Edgar Filing: MAYS J W INC - Form 10-Q

|  | Nine Months Ended<br>April 30 |             |
|--|-------------------------------|-------------|
|  | 2007                          | 2006        |
|  | (Unaudited)                   | (Unaudited) |
| <b>Cash Flows From Operating Activities:</b>                                     |                               |             |
| Net income (loss)  | \$ (168,230)                  | \$164,249   |
| Adjustments to reconcile income to<br>net cash provided by operating activities: |                               |             |
| Depreciation and amortization  | 1,184,185                     | 1,143,017   |
| Amortization of deferred expenses  | 218,537                       | 261,164     |
| Other assets - deferred expenses   | (730,786)                     | (234,222)   |
| - unbilled receivables   | 414,000                       | 221,980     |
| Deferred income taxes  | (77,000)                      | (100,000)   |
| Changes in:  |                               |             |
| Receivables  | (107,169)                     | 42,925      |
| Prepaid expenses   | 899,782                       | 857,826     |
| Income taxes refundable  | (434,615)                     | 196,856     |
| Accounts payable   | 189,269                       | (29,835)    |
| Payroll and other accrued liabilities  | 200,730                       | 135,579     |
| Income taxes payable   | (794,314)                     | -           |
| Other taxes payable  | (2,030)                       | (1,668)     |
| Cash provided by operating activities  | 792,359                       | 2,657,871   |
| <b>Cash Flows From Investing Activities:</b>                                     |                               |             |
| Capital expenditures   | (369,513)                     | (2,062,781) |
| Security deposits  | (102,497)                     | (117,593)   |
| Marketable securities:   |                               |             |
| Payments for purchases   | (949)                         | (205)       |
| Cash (used) by investing activities  | (472,959)                     | (2,180,579) |
| <b>Cash Flows From Financing Activities:</b>                                     |                               |             |
| Borrowings - securities broker   | -                             | 563,572     |
| Payments - securities broker   | -                             | (21,925)    |
| Increase - security deposits   | 102,497                       | 117,463     |
| Borrowings - mortgage and other debt   | 315,706                       | -           |
| Decrease - mortgage and other debt payments                                      | (735,277)                     | (752,813)   |
| Cash (used) by financing activities  | (317,074)                     | (93,703)    |
| Increase in cash   | 2,326                         | 383,589     |
| Cash and cash equivalents at beginning of period                                 | 2,335,328                     | 522,897     |
| Cash and cash equivalents at end of period                                       | \$2,337,654                   | \$906,486   |

See Notes to Consolidated Financial Statements.

## Edgar Filing: MAYS J W INC - Form 10-Q

### J. W. MAYS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Accounting Records and Use of Estimates:

The accounting records are maintained in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of the Company's financial statements in accordance with GAAP requires management to make estimates that affect the reported consolidated statements of income and retained earnings, comprehensive income, and the consolidated balance sheets and related disclosures. Actual results could differ from those estimates.

The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-Q. The July 31, 2006 balance sheet was derived from audited financial statements but does not include all disclosures required by GAAP. The interim financial statements and notes thereto should be read in conjunction with the financial statements and notes included in the Company's latest Form 10-K Annual Report for the fiscal year ended July 31, 2006. In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair statement of the results for interim periods. The results of operations for the current period are not necessarily indicative of the results for the entire fiscal year ending July 31, 2007.

#### 2. Income Per Share of Common Stock:

Income per share has been computed by dividing the net income for the periods by the weighted average number of shares of common stock outstanding during the periods, adjusted for the purchase of treasury stock. Shares used in computing income per share were 2,015,780 for the three months and nine months ended April 30, 2007 and April 30, 2006.

#### 3. Comprehensive Income:

Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income", establishes standards for the reporting of comprehensive income and its components. It requires all items that are required to be recognized as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other income statement information. Comprehensive income is defined to include all changes in equity except those resulting from investments by and distributions to shareholders.

#### 4. Marketable Securities:

The Company categorizes marketable securities as either trading, available-for-sale or held-to-maturity. Trading securities are carried at fair value with unrealized gains and losses included in income. Available-for-sale securities are carried at fair value with unrealized gains and losses recorded as a separate component of shareholders' equity. Held-to-maturity securities are carried at amortized cost. Dividends and interest income are accrued as earned.

## Edgar Filing: MAYS J W INC - Form 10-Q

As of April 30, 2007, the Company's marketable securities were classified as follows:

|                        | Cost      | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses |
|------------------------|-----------|------------------------------|-------------------------------|
|                        | -----     | -----                        | -----                         |
| Current:               |           |                              |                               |
| Held-to-maturity:      |           |                              |                               |
| Certificate of deposit | \$46,891  | \$-                          | \$-                           |
|                        | =====     | =====                        | =====                         |
| Noncurrent:            |           |                              |                               |
| Available-for-sale:    |           |                              |                               |
| Equity securities      | \$110,252 | \$59,748                     | \$-                           |
|                        | =====     | =====                        | =====                         |

Investment income consists of the following:

|                 | Three Months Ended<br>April 30 |          | Nine<br>Months |
|-----------------|--------------------------------|----------|----------------|
|                 | 2007                           | 2006     | 2007           |
|                 | -----                          | -----    | -----          |
| Interest income | \$6,490                        | \$18,436 | \$15,600       |
| Dividend income | 11,932                         | 19,675   | 45,000         |
|                 | -----                          | -----    | -----          |
| Total           | \$18,422                       | \$38,111 | \$60,600       |
|                 | =====                          | =====    | =====          |

### 5. Financial Instruments and Credit Risk Concentrations:

Financial instruments that are potentially subject to concentrations of credit risk consist principally of marketable securities, cash and cash equivalents and receivables. Marketable securities, cash and cash equivalents are placed with high credit quality financial institutions and instruments to minimize risk.

The Company derives rental income from fifty-two tenants, of which one tenant accounted for 17.34% and another tenant accounted for 13.70% of rental income during the nine months ended April 30, 2007. No other tenant accounted for more than 10% of rental income during the same period.

The Company has two irrevocable Letters of Credit totaling \$137,500 at April 30, 2007 and July 31, 2006, provided by two tenants.

- 7 -

### 6. Long-Term Debt - Mortgages and Term Loan:

Long Term Debt - Mortgages and Term Loan:

April 30, 2007



Edgar Filing: MAYS J W INC - Form 10-Q

|                                 |       | Current<br>Annual<br>Interest<br>Rate | Final<br>Payment<br>Date | Due<br>Within<br>One Year | Due<br>After<br>One Year |
|---------------------------------|-------|---------------------------------------|--------------------------|---------------------------|--------------------------|
|                                 |       | -----                                 | -----                    | -----                     | -----                    |
| Mortgages:                      |       |                                       |                          |                           |                          |
| Jamaica, New York property      | (a)   | 6%                                    | 4/01/12                  | \$57,498                  | \$1,298,058              |
| Jamaica, New York property      | (b)   | 6.81%                                 | 10/01/11                 | 110,156                   | 2,530,080                |
| Jowein building, Brooklyn, NY   | (c)   | 9 %                                   | 4/01/09                  | 57,323                    | 1,118,665                |
| Fishkill, New York property     | (d,e) | Variable                              | 2/18/08                  | -                         | 1,834,726                |
| Bond St. building, Brooklyn, NY | (e)   | Variable                              | 2/18/08                  | -                         | 3,694,715                |
| Term-loan payable to bank       | (f)   | 6.50%                                 | 5/01/10                  | 336,614                   | 777,950                  |
| Jowein building, Brooklyn, NY   | (g)   | Variable                              | 8/01/10                  | 240,000                   | 560,000                  |
|                                 |       |                                       |                          | -----                     | -----                    |
|                                 |       |                                       |                          | \$801,591                 | \$11,814,194             |
|                                 |       |                                       |                          | =====                     | =====                    |
| Total                           |       |                                       |                          |                           |                          |

(a) The Company, on September 11, 1996, closed a loan with a bank in the amount of \$4,000,000. The loan is secured by a first mortgage lien covering the entire leasehold interest of the Company, as tenant, in a certain ground lease and building in the Jamaica, New York property. In March 2007, the Company extended the loan for five years with an option for an additional five year period. The interest rate for the initial five years will be 6.00% per annum. Interest and amortization of principal will be made in constant monthly amounts based on a fifteen year (15) payout period. The outstanding balance of the loan totaling \$1,036,602 will become due and payable on April 1, 2012.

(b) The Company, on December 13, 2000, closed a loan with a bank in the amount of \$3,500,000. The loan is secured by a second position leasehold mortgage covering the entire leasehold interest of the Company, as tenant, in a certain ground lease and building in the Jamaica, New York property. The outstanding balance of the loan, totaling \$2,739,452, became due and payable on October 1, 2006. The Company exercised its option to extend the loan for a additional five (5) years to October 1, 2011. The interest rate for the extended period is 6.81% per annum. At the end of the five year period there will be a balance due on the loan of \$2,077,680.

Payments are made, in arrears, on the first day of each and every month calculated during the ten (10) year period of the term loan, at the sum of the interest rate plus amortization sufficient to fully liquidate the loan over a fifteen (15) year period. As additional collateral security, the Company will conditionally assign to the bank all leases and rents on the premises, or portions thereof, whether now existing or hereafter consummated. The Company has an option to prepay principal, in whole or in part, plus interest accrued thereon, at any time during the term, without premium or penalty. Other provisions of the loan agreement provide certain restrictions on the incurrence of indebtedness on the Jamaica property and the sale or transfer of the Company's ground lease interest in the premises.

(c) The Company, on May 7, 2004, closed a loan with an affiliated corporation owned by members, including certain directors of the Company, of the family of the late Joe Weinstein, former Chairman of the Board of Directors, in the amount of \$1,350,000. The term of the loan is for a period of five (5) years at an interest rate of 9.00% per annum. Interest and amortization of principal are paid quarterly based on a fifteen (15) year level amortization period. The constant quarterly payments of interest and principal are \$40,316. The outstanding balance of the loan, totaling \$1,056,007, will become due and payable on April 1, 2009.

## Edgar Filing: MAYS J W INC - Form 10-Q

- (d) On June 2, 1999, the existing first mortgage loan balance on the Fishkill, New York property was extended for a period of five years. Under the terms of the extension agreement, the annual interest rate was reduced from 9% to 8.25% and the interest and principal payments were made in constant monthly amounts based upon a fifteen (15) year payout period. On August 19, 2004 the Company extended the loan for an additional forty-two (42) months, with an option to convert the loan to a seven (7) year permanent mortgage loan. The payments for the extended period of forty-two (42) months will be interest only on the amount owing at a floating rate per annum equal to the one-month LIBOR rate plus 2.25%, but not less than 3.40%. The payments for the seven- year permanent mortgage loan would be on a seventeen (17) year level

- 8 -

amortization, plus interest. The interest rate on the permanent loan would be a fixed rate equal to the Federal Home Loan Bank of New York's seven-year (7) fixed interest rate plus 2.25% per annum. (See Note 6(e)). The Company intends to convert the loan to a seven (7) year permanent mortgage loan upon maturity.

- (e) The Company, on August 19, 2004, closed a loan with a bank for a \$12,000,000 multiple draw term loan. This loan finances seventy-five (75%) percent of the cost of capital improvements for an existing lease to a tenant and capital improvements for future tenant leases at the Company's Brooklyn, New York (Bond Street building) and Fishkill, New York properties. The loan also refinanced the existing mortgage on the Company's Fishkill, New York property which matured on July 1, 2004 (see Note 6(d)). The Company will have three and one-half years to draw down amounts under this loan. The loan consists of: a) a permanent, first mortgage loan to refinance an existing first mortgage loan affecting the Fishkill Property (the "First Permanent Loan") (see Note 6(d)), b) a permanent subordinate mortgage loan in the amount \$1,870,000 (the "Second Permanent Loan"), and c) multiple, successively subordinate loans in the amount \$8,295,274 ("Subordinate Building Loans"). The loan is structured in two phases: 1) a forty-two (42) month loan with payments of interest only at the floating one-month LIBOR rate plus 2.25% per annum, but not less than 3.40%; and 2) after the forty-two month period, the loan would convert to a seven-year (7) permanent mortgage loan on a seventeen (17) year level amortization, plus interest, at the option of the Company. The interest rate on the permanent loan would be at a fixed rate equal to the Federal Home Loan Bank of New York's seven-year (7) fixed interest rate plus 2.25% per annum at the time of conversion. As of August 19, 2004, the Company refinanced the existing mortgage on the Company's Fishkill, New York property, which balance was \$1,834,726 and took down an additional \$2,820,000 for capital improvements for two tenants at the Company's Bond Street building in Brooklyn, New York. On May 9, 2006 and November 16, 2006, the Company drew down additional amounts of \$559,009 and \$315,706, respectively, on its multiple draw term loan to finance tenant improvements and brokerage commissions for the leasing of 13,026 square feet for office use at the Company's Bond Street building in Brooklyn, New York. The total amount financed for tenant improvements and brokerage commissions was \$874,715. The outstanding balance as of April 30, 2007 was \$5,529,441. The Company intends to convert the loan to a seven (7) year permanent mortgage loan upon maturity. The interest rate at April 30, 2007 was 7.57% per annum.
- (f) On February 18, 2005, the Company secured financing in the amount of \$1,700,000, from a bank whose president is a director of the Company. The loan is a multiple draw loan, for a period of five (5) years, and is self-

## Edgar Filing: MAYS J W INC - Form 10-Q

amortizing, at an interest rate of 6.50% per annum.

- (g) The Company, on July 22, 2005, closed a loan with a bank for \$1,200,000. The loan will be used to finance the construction costs and brokerage commissions associated with the leasing of 15,000 square feet for office use to a tenant at the Company's Jowein building in Brooklyn, New York. The loan will be secured by the assignment of lease of 15,000 square feet. The loan is for a period of five (5) years and is self-amortizing, at a floating interest rate of prime plus 1.00% per annum. The interest rate at April 30, 2007 was 9.25% per annum

- 9 -

7. Property and Equipment - at cost:

|  | April 30<br>2007 | July 31<br>2006 |
|--|------------------|-----------------|
|  | -----            | -----           |
| Property:                              |                  |                 |
| Buildings and improvements             | \$60,932,961     | \$60,601,064    |
| Improvements to leased property        | 9,158,009        | 9,158,009       |
| Land                                   | 6,146,554        | 6,146,554       |
| Construction in progress               | 64,105           | 59,846          |
|  | -----            | -----           |
|  | 76,301,629       | 75,965,473      |
| Less accumulated depreciation          | 31,496,069       | 30,379,314      |
|  | -----            | -----           |
| Property - net                         | 44,805,560       | 45,586,159      |
|  | -----            | -----           |
| Fixtures and equipment and other:      |                  |                 |
| Fixtures and equipment                 | 722,471          | 721,099         |
| Other fixed assets                     | 227,747          | 257,472         |
|  | -----            | -----           |
|  | 950,218          | 978,571         |
| Less accumulated depreciation          | 776,342          | 770,622         |
|  | -----            | -----           |
| Fixtures and equipment and other - net | 173,876          | 207,949         |
|  | -----            | -----           |
| Property and equipment - net           | \$44,979,436     | \$45,794,108    |
|  | =====            | =====           |

8. Note Payable:

On December 15, 2004, the Company borrowed \$1,000,000 from a director of the Company, who is also a greater than 10% beneficial owner of the outstanding common stock of the Company. The term of the loan is for a period of three (3) years maturing on December 15, 2007, at an interest rate of 7.50% per annum. The loan is unsecured. The note is prepayable in whole or in part at any time without penalty. The constant quarterly payments of interest are \$18,750. The Company intends to negotiate with the director to extend this loan.

9. Unbilled Receivables and Rental Income:

Unbilled receivables represent the excess of scheduled rental income recognized on a straight-line basis over rental income as it becomes receivable according to the provisions of each lease.

## Edgar Filing: MAYS J W INC - Form 10-Q

### 10. Employees' Retirement Plan:

The Company sponsors a noncontributory Money Purchase Plan covering substantially all of its employees. Operations were charged \$69,448 and \$207,343 as contributions to the Plan for the three and nine months ended April 30, 2007, respectively, and \$77,353 and \$225,595 as contributions to the Plan for the three and nine months ended April 30, 2006, respectively.

- 10 -

### 11. Cash Flow Information:

For purposes of reporting cash flows, the Company considers cash equivalents to consist of short-term highly liquid investments with maturities of three months or less, which are readily convertible into cash.

#### Supplemental disclosure:

|   | Nine Months Ended<br>April 30 |           |
|---|-------------------------------|-----------|
|   | 2007                          | 2006      |
| Interest paid, net of capitalized interest of \$42,882 (2006) | \$768,464                     | \$691,740 |
| Income taxes paid   | \$1,169,928                   | \$21,145  |

### 12. Capitalization:

The Company is capitalized entirely through common stock with identical voting rights and rights to liquidation. Treasury stock is recorded at cost and consists of 162,517 shares at April 30, 2007 and at July 31, 2006.

### 13. Contingencies:

There are various lawsuits and claims pending against the Company. It is the opinion of management that the resolution of these matters will not have a material adverse effect on the Company's Consolidated Financial Statements.

In response to a termination notice that the Company received concerning its tenancy in a portion of the Jowein building, Brooklyn, New York, on April 25, 2007, the Company filed a lawsuit against its landlords in New York State Supreme Court, Kings County. In the lawsuit, the Company seeks a judgment declaring that the landlords' termination notice was improperly issued and that the Company is not required to correct or cure the purported defaults cited in the termination notice. In addition, the Company seeks an order temporarily, preliminarily and permanently enjoining the landlords from taking any action to terminate the lease or otherwise interfere with the Company's possession of the premises.

On May 16, 2007, the New York State Supreme Court granted the Company's motion for preliminary injunctive relief and enjoined the landlords, during the pendency of this action, from taking any action to evict the Company, terminate the Company's lease which is scheduled to expire on April 30, 2010, and/or commencing summary action adverse to the Company's

## Edgar Filing: MAYS J W INC - Form 10-Q

rights or otherwise disturb the Company's possession of the premises. The landlords have answered the complaint denying the allegations and asserting counterclaims against the Company relating to the premises. Discovery is ongoing. Management of the Company is unable to predict the outcome of this matter or whether the Company will be required to expend significant amounts of money in order to correct any of the purported defaults.

- 11 -

### J. W. MAYS, INC. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

#### Results of Operations:

Three Months Ended April 30, 2007 Compared to the Three Months Ended April 30, 2006:

In the three months ended April 30, 2007, the Company reported net income of \$18,430, or \$.01 per share. In the comparable three months ended April 30, 2006, the Company reported net income of \$95,137, or \$.05 per share.

Revenues in the current three months decreased to \$3,476,288 from \$3,526,029 in the comparable 2006 three months.

The recovery of real estate taxes in the current three months in the amount of \$25,487, net of legal expenses, represents prior years' real estate taxes from one of the Company's properties. The comparable 2006 three months had a recovery of real estate taxes in the amount of \$163,835, net of legal expenses.

Real estate operating expenses in the current three months increased to \$2,191,194 from \$2,020,651 in the comparable 2006 three months primarily due to increases in rental expense, maintenance expense, utility costs and licenses and permits, partially offset by decreases in real estate taxes and payroll costs.

Administrative and general expenses in the current three months decreased to \$760,432 from \$829,390 in the comparable 2006 three months primarily due to decreases in payroll costs, insurance costs, and bad debt expense, partially offset by increases in legal and professional costs.

Depreciation and amortization expense in the current three months increased to \$395,382 from \$381,264 in the comparable 2006 three months primarily due to depreciation on the additional improvements to the Brooklyn, New York properties.

Interest expense in the current three months exceeded investment income by \$232,850 and by \$178,587 in the comparable 2006 three months. The increase was due primarily to increased interest expense on the additional loans with banks, partially offset by scheduled repayments of debt.

Nine Months Ended April 30, 2007 Compared to the Nine Months Ended April 30, 2006:

In the nine months ended April 30, 2007, the Company reported a net loss of (\$168,230), or (\$.08) per share. In the comparable nine months ended April 30, 2006, the Company reported net income of \$164,249, or \$.08 per share.

Revenues in the current nine months decreased to \$10,183,549 from \$10,253,732

## Edgar Filing: MAYS J W INC - Form 10-Q

in the comparable 2006 nine months.

The recovery of real estate taxes in the current nine months in the amount of \$39,483, net of legal expenses, represents prior years' real estate taxes from one of the Company's properties. The comparable 2006 nine months had a recovery of real estate taxes in the amount of \$195,605, net of legal expenses.

Real estate operating expenses in the current nine months increased to \$6,411,896 from \$5,890,592 in the comparable 2006 nine months primarily due to increases in rental expense, maintenance costs and licenses and permits, partially offset by decreases in real estate taxes, payroll costs and utility costs.

Administrative and general expenses in the current nine months decreased to \$2,187,700 from \$2,318,316 in the comparable 2006 nine months primarily due to decreases in payroll costs, insurance costs, and bad debt expense, partially offset by increases in legal and professional costs.

- 12 -

Depreciation and amortization expense in the current nine months increased to \$1,184,185 from \$1,143,017 in the comparable 2006 nine months primarily due to depreciation on the additional improvements to the Brooklyn, New York properties.

Interest expense in the current nine months exceeded investment income by \$703,998 and by \$619,558 in the comparable 2006 nine months. The increase was due primarily to increased interest expense on the additional loans with banks, partially offset by scheduled repayments of debt.

### Liquidity and Capital Resources:

The Company has been operating as a real estate enterprise since the discontinuance of the retail department store segment of its operations on January 3, 1989.

Management considers current working capital and borrowing capabilities adequate to cover the Company's planned operating and capital requirements. The Company's cash and cash equivalents amounted to \$2,337,654 at April 30, 2007.

The Company is considering selling a small property in Brooklyn, New York in order to produce additional working capital in case additional capital requirements become necessary.

On October 11, 2005, a tenant in our Jowein building filed for Chapter 11 protection. This tenant accounts for approximately 5% of our annual rental income. Pursuant to an amendment to the lease and the assumption and assignment of the lease to PLVTZ, LLC and the Pride Capital Group (d/b/a Great American Group) ("PLVTZ"), the Company has assigned the lease to PLVTZ and reduced the rent payable under the lease by 12% for the first year (\$84,905) commencing April 1, 2006 ("Commencement Date"), and 10% during the second year (\$70,754) after the Commencement Date. In addition, the Company agreed to waive certain pre-petition arrears owed by the tenant (\$49,427).

In March 2006, the Company leased an additional 7,411 square feet for office use to an existing tenant at the Company's Bond Street building, in Brooklyn, New York. Rent commenced in October 2006.

## Edgar Filing: MAYS J W INC - Form 10-Q

In August and September 2006, the Company entered into three additional lease agreements. Two of the lease agreements were for retail use at the Company's Jamaica, New York building. One tenant leased 47,100 square feet and the other tenant leased 28,335 square feet. These tenants replaced the tenants who vacated the premises in February 2006 and June 2006, respectively. Rent commenced in November 2006 for the tenant that leased 28,335 square feet and commenced in May 2007 for the tenant that leased 47,100 square feet. The rental income from these lease agreements will more than offset the rental income lost from the previous tenants. The third lease agreement is for 10,000 square feet and will be used for office space at the Company's Jowein building in Brooklyn, New York. Rent commenced in December 2006. The cost of construction to the Company for these tenants will be insignificant.

In October 2006, the Company entered into a lease agreement with a restaurant at the Company's Levittown premises. The restaurant intends to construct a new building. The tenant's occupancy is subject to it receiving the necessary building permits and licenses to construct the building and open for business within a reasonable time period. Rent is anticipated to commence in August 2007. This will replace the tenant that vacated the premises in September 2004. The annual rental income from this lease agreement will more than offset the annual rental income lost from the previous tenant.

The Company was informed by a tenant who occupies 32,890 square feet of office space at its Jamaica, New York property, that the tenant would not be exercising its option to extend its lease agreement. The tenant vacated the premises on April 30, 2007. The annual loss in rental income to the Company will be approximately \$700,000. The Company is negotiating a lease with a new tenant for the occupancy of the entire 32,890 square feet. As of May 1, 2007, the new tenant is occupying the premises on a month to month basis.

In May 2007, the Company entered into a lease agreement with a tenant for 15,900 square feet of office space at its Jowein building in Brooklyn, New York. Rent is anticipated to commence in December 2007.

- 13 -

The following table represents the increase in square foot occupancy at the Company's properties, due to the aforementioned lease agreements.

|  |         |
|--|---------|
| Bond Street building, Brooklyn, New York | 7,411   |
| Jowein building, Brooklyn, New York      | 25,900  |
| Jamaica building, Jamaica, New York      | 75,435  |
| Levittown, New York building             | 15,243  |
|  | -----   |
| Total                                    | 123,989 |
|  | =====   |

On November 16, 2006, the Company closed a loan with a bank to finance the cost of two new elevators at the Company's Bond Street building in Brooklyn, New York. The amount to be financed will be \$850,000 and is part of the \$12,000,000 multiple draw term loan. (See Note 6(e) to the Consolidated Financial Statements). The total cost of the elevator project is estimated to be \$1,100,000 and is anticipated to be completed prior to July 31, 2008.

### Cash Flows From Operating Activities:

Prepaid Expenses: Expenditures for the nine months ended April 30, 2007 decreased by \$60,751 compared to the period ended April 30, 2006, due to decreases in insurance premiums paid. There was no decrease in insurance coverage.

Deferred Expenses: The Company had expenditures for brokerage commissions in

## Edgar Filing: MAYS J W INC - Form 10-Q

the nine months ended April 30, 2007, in the amount of \$600,969 relating to tenants at its Brooklyn, New York and Jamaica, New York properties.

**Payroll and Other Accrued Liabilities:** The Company paid \$432,670 for commissions incurred in order to lease space at the Company's properties in the nine months ended April 30, 2007. The original amount of the brokerage commissions was \$1,910,791. As of April 30, 2007, \$1,481,746 had been paid. The Company also incurred additional brokerage commissions in the amount of \$608,548 relating to four new tenants.

### Cash Flows From Financing Activities:

**Borrowing:** The Company drew down an additional \$315,706 on its multiple draw term loan, to finance tenant improvements and brokerage commissions for the leasing of 13,026 square feet for office use at the Company's Bond Street building in Brooklyn New York. The total amount financed for tenant improvements and brokerage commissions was \$874,715. (See Note 6(e) to the Consolidated Financial Statements).

**Lease security:** The Company increased tenant security deposits by \$99,167 due to the leasing of space to two tenants at the Company's Brooklyn, New York and Jamaica, New York properties.

### Quantitative and Qualitative Disclosures About Market Risks:

The Company uses both fixed-rate and variable-rate debt to finance its capital requirements. These transactions expose the Company to market risk related to changes in interest rates. The Company does not use derivative financial instruments. At April 30, 2007, the Company had fixed-rate debt of \$7,286,344 and variable-rate debt of \$6,329,441. Because of the variable rates on the extension of the Fishkill, New York property loan, the Bond Street building, Brooklyn, New York and the Jowein building, Brooklyn, New York loans (presently with balances of \$1,834,726, \$3,694,715, and \$800,000, respectively), if interest rates were to change 100 basis points, the effect on net income from operations and future cash flows would be a decrease, should the rates increase, or an increase, should the rates decline, of \$63,294 for these loans.

- 14 -

### Cautionary Statement Regarding Forward-Looking Statements:

This Quarterly Report on Form 10-Q may contain forward-looking statements which include assumptions about future market conditions, operations and financial results. These statements are based on current expectations and are subject to risks and uncertainties. They are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company's actual results, performance or achievements in the future could differ significantly from the results, performance or achievements discussed or implied in such forward-looking statements herein and in prior Securities and Exchange Commission filings by the Company. The Company assumes no obligation to update these forward-looking statements or to advise of changes in the assumptions on which they were based.

Factors that could cause or contribute to such differences include, but are not limited to, changes in the competitive environment of the Company, general economic and business conditions, industry trends, changes in government rules and regulations and environmental rules and regulations. Statements concerning interest rates and other financial instrument fair values and their estimated contribution to the Company's future results of operations are based upon market information as of a specific date. This market information is often a function of significant judgment and estimation. Further, market interest



## Edgar Filing: MAYS J W INC - Form 10-Q

rates are subject to significant volatility.

### Controls and Procedures:

The Company's management reviewed the Company's internal controls and procedures and the effectiveness of these controls. As of April 30, 2007, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rules 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in its periodic SEC filings.

There was no change in the Company's internal controls over financial reporting or in other factors during the Company's last fiscal quarter that materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken.

Our Accounting Department is comprised of four persons. Due to such a limited number of persons, a complete segregation of all of the duties as to which the department is responsible is not possible. In order to make sure that the inability to segregate all duties does not affect our timely and accurate financial reporting, we need to remain vigilant in maintaining compensating controls. These compensating controls will continue to be monitored in order to assure us that our internal controls over financial reporting remain at a high level despite the limited number of Accounting Department personnel.

- 15 -

### Part II - Other Information

#### Item 6 - Exhibits and Reports on Form 8-K

##### (a) List of Exhibits:

| Exhibit<br>Number | Exhibit  | Sequentially<br>Numbered<br>Page |
|-------------------|--|----------------------------------|
| (2)               | Plan of acquisition, reorganization, arrangement, liquidation or succession.                   | N/A                              |
| (4)               | Instruments defining the rights of security holders, including indentures.                     | N/A                              |
| (10)              | Material contracts.  | N/A                              |
| (11)              | Statement re computation of per share earnings   | N/A                              |
| (15)              | Letter re unaudited interim financial information.   | N/A                              |
| (18)              | Letter re change in accounting principles.   | N/A                              |
| (19)              | Report furnished to security holders.  | N/A                              |
| (22)              | Published report regarding matters submitted to vote of security holders.                      | N/A                              |
| (24)              | Power of attorney.   | N/A                              |
| (27)              | Financial data schedule.   | N/A                              |
| (31)              | Additional exhibits--Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |                                  |
|                   | (31.1) Chief Executive Officer   | 18                               |
|                   | (31.2) Chief Financial Officer   | 19                               |

Edgar Filing: MAYS J W INC - Form 10-Q

(32) Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section. 1350.

20

- (b) Reports on Form 8-K - A report on Form 8-K was filed by the registrant during the three months ended April 30, 2007.  
Item reported - The Company reported its financial results for the three months ended January 31, 2007.  
Date of report filed - March 8, 2007.

- 16 -

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.

J.W. MAYS, Inc.

-----  
(Registrant)

Date June 6, 2007

Lloyd J. Shulman

-----  
Lloyd J. Shulman  
President  
Chief Executive Officer

Date June 6, 2007

Mark S. Greenblatt

-----  
Mark S. Greenblatt  
Vice President  
Chief Financial Officer

- 17 -

EXHIBIT 31.1

CERTIFICATION

I, Lloyd J. Shulman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of J.W. Mays, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

## Edgar Filing: MAYS J W INC - Form 10-Q

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 6, 2007

/s/ Lloyd J. Shulman

-----  
Lloyd J. Shulman  
President  
Chief Executive Officer

- 18 -

EXHIBIT 31.2

### CERTIFICATION

I, Mark S. Greenblatt, certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q of J.W. Mays, Inc.;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the

Edgar Filing: MAYS J W INC - Form 10-Q

registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 6, 2007

/s/ Mark S. Greenblatt

-----  
Mark S. Greenblatt  
Vice President  
Chief Financial Officer

- 19 -

EXHIBIT 32

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The following certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. Section 1350 and in accordance with SEC Release No. 33-8238. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

## Edgar Filing: MAYS J W INC - Form 10-Q

In connection with the Quarterly Report of J. W. Mays, Inc. (the "Company") on Form 10-Q for the period ending April 30, 2007 as filed with the Securities and Exchange Commission (the "Report"), we, Lloyd J. Shulman and Mark S. Greenblatt, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

June 6, 2007

/s/ Lloyd J. Shulman

-----  
Lloyd J. Shulman  
Chief Executive Officer

/s/ Mark S. Greenblatt

-----  
Mark S. Greenblatt  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to J.W. Mays, Inc. and will be retained by J. W. Mays, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

- 20 -