Biloxi Marsh Lands Corporation

Financial Statements, Schedule, and President's Report

December 31, 2003 and 2002

All per share information does not reflect the 4 for 1 stock split effective June 1, 2004

Biloxi Marsh Lands Corporation

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March 1, 2004

To the Shareholders of Biloxi Marsh Lands Corporation:

We are pleased to report that 2003 was the eighth consecutive profitable year for your company. Total revenue for the year 2003 was $6,704,557 compared to total revenue of $5,961,295 in 2002. The revenue breakdown is as follows: 2003 revenue from oil and gas activity was $6,262,704 compared to revenue of $5,804,495 in 2002. Dividend and interest income for 2003 was $96,549 compared to $122,800 for 2002. In 2003 gains from the sale of investment securities were $327,846 as compared to a net loss of $1,898 in 2002. Meanwhile, net earnings increased to $4,015,568 or $5.83 per share in 2003 from $3,426,377 or $4.98 in 2002.

After the completion of Phase I during the third quarter of 2002, seismic survey operations ceased due to a contractual dispute between The Meridian Resource and Exploration, LLC (Meridian) and its 3D seismic contractor. During 2003, Meridian reached an agreement with a new seismic contractor and completed Phase II of its 3D seismic survey covering approximately 45 square miles of Company property. This brings the total amount of Company property surveyed during Phase I and Phase II to approximately 85 square miles, leaving approximately 52 square miles to survey. Meridian commenced shooting Phase III of its 3D seismic survey during the first quarter of 2004. As provided for in the lease agreement between the Company and Meridian, in October of 2003 the Company took delivery of the complete 3D data set acquired during Phase I of Meridian's survey. Management believes that the Phase I - 3D data set and the data sets acquired during subsequent phases of the seismic survey, which Meridian is obligated to deliver to the Company, will prove to be valuable corporate assets.

On January 20, 2004, Meridian commenced drilling its Lake Eugenie Land & Development (LL&D) 33-1 well. If this well was successfully completed Biloxi Marsh Lands Corporation (BLM) would have owned a large percentage of the producing unit. Unlike the wells currently producing natural gas from the CRIS I sand stratum, the LL&D 33-1 well was drilled to test the deeper ROB L sand stratum. Unfortunately, on February 16, 2004 this well was plugged and abandoned as a dry hole. Meridian has relocated the drilling rig used to drill the LL&D 33-1 well and has commenced drilling its BLM 19-1. This well's objective is the CRIS I sand stratum located on Company property. We hope to be able to release news on this well by the end of March 2004.

Meridian successfully completed and placed on production its Biloxi Marsh Lands 6-1, 6-2, 7-1, 1-2 and 18-1 wells during 2003. On December 31, 2003 four of these five wells were producing natural gas at a gross daily rate of approximately 63 million cubic feet (mmcf) with net production of approximately 7.5 mmcf per day accruing to the Company. The BLM 7-1 which was shut-in for reworking as of December 31, 2003 was successfully placed back on production during the first quarter of 2004. Meanwhile as of December 31, 2003, the Manti-BLM 1 and 3 wells continued to produce on compression at a combined gross daily rate of approximately 23.6 mmcf with net production of approximately 1.4 mmcf per day accruing to the Company. This brings the total gross daily production being produced on December 31, 2003 from all six wells to approximately 86.9 mmcf with net daily production accruing to the Company of approximately 8.9 mmcf. The Company recently commissioned T. J. Smith & Company, Inc., independent reservoir engineers, to complete a proved reserve study. Based upon this reserve study the productive life of the wells range from 2 to 5 years, with slightly more the 50% of the proved reserves depleting by the end of 2004. The same reserve study estimates that as of December 31, 2003 the Company's "Developed Producing" proved reserves are 4.551 billion cubic feet (bcf) and estimates that the "Developed Non-Producing" proved reserves are .799 bcf, totaling 5.35 bcf of proved reserves (see "Appendix A" for definitions of reserve classifications). It should be noted that the current production and the corresponding proved reserves are being produced from four (4) producing units covering approximately 1,850 acres of Company property, with the Company owning an additional 86,000 +/- acres. The reserve study does not cover or attempt to estimate un-proven reserves under any of these 86,000 +/- acres. As of this time, we offer no guidance as to quantities of reserves, if any, under any of these 86,000 +/- acres. Please find the following table showing the Company's proved reserves as of December 31, 2003:

Proved Reserves as of December 31, 2003 (3)

	Developed Producing	Developed Non-Producing (dollars in thousands)		Total
Net Proved Reserves (1):				
Natural Gas (BCF)........................	4.551	.799		5.35
Estimated Future Net Revenues (before income taxes) (2) :......................			$	30,846
Estimated Discounted Future Net Revenues (before income taxes) (2):.......			$	27,437

(1) In general, our engineers based their estimates of economically recoverable oil and natural gas reserves and of the future net revenues therefrom on a number of variable factors and assumptions, such as historical production from the subject properties, the assumed effects of regulation by governmental agencies and assumptions concerning future oil and natural gas prices, all of which may vary considerably from actual results. All such estimates are to some degree speculative, and classifications of reserves, that are based on the mechanical status of the completion, may also define the degree of speculation involved. For these reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of wells, classifications of such reserves based on risk of recovery and estimates of the future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. Therefore, the actual production, revenues, and severance taxes with respect to reserves likely will vary from such estimates, and such variances could be material.

Estimates with respect to proved reserves that may be developed and produced in the future are often based on volumetric calculations and by analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history, and subsequent evaluation of the same reserves, based on production history, will result in variations, which may be substantial, in the estimated reserves.

In accordance with applicable requirements of the Commission, the estimated discounted future net revenues from estimated proved reserves are based on prices as of the date of the estimate. Actual future prices may be materially higher or lower. Actual future net revenues also will be affected by factors such as actual production, supply and demand for oil and natural gas, curtailments or increases in consumption by natural gas purchasers, changes in governmental regulations or taxation and the impact of inflation on costs.

(2) The Estimated Discounted Future Net Revenues represents the Estimated Future Net Revenues before income taxes discounted at 10%. For calculating The Estimated Future Net Revenues and the Estimated Discounted Future Net Revenues, we used the price as of December 31, 2003 which was $5.965 per mmcf of natural gas.

(3) The Meridian Resource and Exploration, LLC and Manti Jamba, Ltd. separately operate the various producing wells. The Company has no control over operations and maintains only a landowner's mineral royalty interest. *Please see footnote (1) following the final paragraph of this letter for a warning concerning forward-looking information.*

The production and reserves as stated in the foregoing paragraph are accruing and will accrue to the Company, not to the Biloxi Marsh Lands 1 Royalty, LLC or any acreage that is subject to adverse and competing title claims. It should also be noted that since the establishment of the Biloxi Marsh Lands 1 Royalty, LLC on November 29, 2002, the Company and the LLC are separate and distinct entities and operate as such. As previously disclosed, the purchase or sale of Biloxi Marsh Lands Corporation common stock after November 29, 2002 does not include the purchase or sale of ownership units in Biloxi Marsh Lands 1 Royalty, LLC.

As previously reported, there is currently pending a possessory action suit which was filed by the Company on or about November 2, 2001 as the result of disturbances in the Company's possession of Sections 1, 2 & 3, T13S, R16E due to protective oil, gas & mineral leases granted to Manti Resources, Inc. (Manti) by particular Manuel Molero family members and also to Louis and Gustave Carmedelle family entities. Further disturbance in possession is the result of seismic permit/lease options and protective leases granted by the same parties to The Meridian Resource & Exploration LLC (Meridian) for disputed and productive acreage outside of the Manti lease. The Manuel Molero family members filed a declaratory judgment action with regard to the same acreage, which action was consolidated with the Corporation's possessory action. Additionally, Manti, which is producing two wells within a geographical unit on the acreage in conflict, filed a concursus proceeding, and deposited funds into the registry of the court representing royalties attributable to the conflict acreage in the producing unit. Meanwhile, Meridian has filed concursus proceedings with respect to additional producing units formed which contain conflict acreage. Consolidation of the concursus proceedings with the possessory action and declaratory judgment action above mentioned is being considered by the court. Management intends to vigorously pursue the Corporations' possessory action and vigorously defend the Molero family members' declaratory judgment action.

In addition to the above described competing claims to the subject acreage, there are also competing claims between the Company and the State of Louisiana regarding certain waterbottoms within each producing unit. There is no potential for an adverse judgment declaring the payment of Company funds as the consolidated suits will ultimately determine the possession and ownership of the subject property. As of December 31, 2003 the Company's potential share of the funds deposited in the various concursus accounts is close to 14 million dollars. As of the date of this report, there is no way to forecast a time table for the conclusion of the litigation and the resolution of the disputes.

Contained in this mailing are two proposed amendments to our Certificate of Incorporation to be voted on by our shareholders during the annual meeting. AMENDMENT A proposes changing the par value of our common stock from "no par value" to a par value of $.001 per share. If approved, AMENDMENT A will reduce the Company's franchise tax liability and reduce the cost of future filings with the Delaware Secretary of State's office. We recommend that you vote in favor of AMENDMENT A. AMENDMENT B allows the Company to complete a four (4) for one (1) stock split. Your Board of Directors unanimously supports AMENDMENT B as an important step in management's effort to boost the price of our common stock. Please refer to the enclosed *Proxy Statement* for all the details of the proposed amendments. It should be noted that price of our common stock was $40.75 per share as of the close of the PinkSheets market on December 31, 2003 compared to $14.00 on December 31, 2002.

Historically the company has paid a dividend once each year. While we have not formally changed our dividend policy, due to the company's strong financial performance, during 2003 we paid the following dividends:

Date Paid	Type	$ per share
March 10, 2003	Cash	1.00
July 11, 2003	Cash	1.50
December 30, 2003	Cash	2.25
Total Paid:		**4.75**

During 2004, we hope to further develop active management strategies which seek economic opportunities that will allow us to take advantage of our current positive cash flow and, on a different but as important note, formulate strategies that will attempt to protect the company's property from the adverse effects of the Mississippi River Gulf Outlet (MRGO). With all the current activity, spanning all spectrums of management, 2004 represents another exciting year for your company and should prove to be the ninth consecutive profitable year. Please rest assured that your Board of Directors will continue to work diligently to maximize shareholder value and protect our shareholders interest.[1]

Sincerely,

William B. Rudolf
President and Chief Executive Officer
Metairie, Louisiana
Email: wrbiloxi@bellsouth.net

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[1] This letter contains forward-looking statements regarding oil and gas discoveries, oil and gas exploration, development and production activities and reserves. Accuracy of the forward-looking statements depends on assumptions about events that change over time and is thus susceptible to periodic change based on actual experience and new developments. The Company cautions readers that it assumes no obligation to update or publicly release any revisions to the forward-looking statements in this report. Important factors that might cause future results to differ from these forward-looking statements include: variations in the market prices of oil and natural gas; drilling results; unanticipated fluctuations in flow rates of producing wells; oil and natural gas reserves expectations; the ability to satisfy future cash obligations and environmental costs; and general exploration and development risks and hazards. Readers are cautioned not to place undue reliance on forward-looking statements made by or on behalf of the Company. Each such statement speaks only as of the day it was made. The factors described above cannot be controlled by the Company. When used in this report, the words "believes", "estimates", "plans", "expects", "should", "outlook", and "anticipates" and similar expressions as they relate to the Company or its management are intended to identify forward-looking statements.

"APPENDIX A"

SEC Reserve Definitions

The Securities and Exchange Commission (SEC) sets forth standards by which reserves are to be considered as proved for purposes of completing SEC reporting requirements. These standards as defined in Section 4-10(a) of Securities and Exchange Commission Regulation S-X are summarized as follows:

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas, and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

(i) Reservoirs are considered proved if economic producibility is supported by either actual production or conclusive formation test. The area of a reservoir considered proved includes (A) that portion delineated by drilling and defined by oil and gas and/or oil-water contacts, if any; and (B) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.

(ii) Reserves which can be produced economically through application of improved recovery techniques (such as fluid injection) are included in the "proved" classification when successful testing by a pilot project, or the operation of an installed program in the reservoir, provides support for the engineering analysis on which the project or program was based.

(iii) Estimates of proved reserves do not include the following: (A) oil that may become available from known reservoirs but is classified separately as "indicated additional reserves"; (B) crude oil, natural gas, and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; (C) crude oil, natural gas, and natural gas liquids, that may occur in undrilled prospects; and (D) crude oil, natural gas, and natural gas liquids, that may be recovered from oil shales, coal, gilsonite and other sources.

Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Additional oil and gas expected to be obtained through the application of fluid injection or other improved recovery techniques for supplementing the natural forces and mechanisms of primary recovery should be included as "proved developed reserves" only after testing by a pilot project or after the operation of an installed program has confirmed through production response that increased recovery will be achieved.

Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage shall be limited to those drilling units offsetting productive units that are reasonably certain of production when drilled. Proved reserves for other undrilled units can be claimed only where it can be demonstrated with certainty that there is continuity of production from the existing productive formation. Under no circumstances should estimates for proved undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual tests in the area and in the same reservoir.

Further, as approved by the Board of Directors of the Society of Petroleum Engineers (SPE), Inc. on February 27, 1987, developed reserves are categorized based upon the producing status of the wells and/or reservoirs.

(i) Producing reserves are expected to be recovered from completion intervals open at the time of the estimate and producing. Improved recovery reserves are considered to be producing only after an improved recovery project is in operation.

(ii) Nonproducing reserves include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from completion intervals open at the time of the estimate, but which had not started producing, or were shut in for market conditions or pipeline connection, or were not capable of production for mechanical reasons, and the time when sales will start is uncertain. Behind-pipe reserves are expected to be recovered from zones behind casing in existing wells, which will require additional completion work or a future recompletion prior to the start of production.

BILOXI MARSH LANDS CORPORATION

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

YEARS ENDED DECEMBER 31, 2003 AND 2002

BILOXI MARSH LANDS CORPORATION

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DOODY AND DOODY
CERTIFIED PUBLIC ACCOUNTANTS
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METAIRIE, LOUISIANA
70002

IS C. DOODY, SR., C.P.A. (1904-1983)
IS C. DOODY, JR., C.P.A.
OND H. FITZMAURICE, III, J.D., C.P.A.

TELEPHONE 504-833-6800
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Board of Directors
Biloxi Marsh Lands Corporation
New Orleans, Louisiana

Auditors' Report

We have audited the accompanying statements of assets, liabilities and stockholders' equity of Biloxi Marsh Lands Corporation as of December 31, 2003 and 2002, and the related statements of revenues and expenses and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the Notes to Financial Statements, the Corporation's policy is to prepare its financial statements on the basis of cash receipts and disbursements. Consequently, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. In addition natural gas proved reserve estimates have not been included. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and stockholders' equity of Biloxi Marsh Lands Corporation as of December 31, 2003 and 2002, and its revenues and expenses and retained earnings, and cash flows for the years then ended, on the basis of accounting described in the Notes to Financial Statements.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Additional Information - Schedule of Marketable Securities is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

DOODY AND DOODY

By: ______________________

Metairie, Louisiana
February 3, 2004

BILOXI MARSH LANDS CORPORATION
STATEMENTS OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY
DECEMBER 31, 2003 AND 2002
(See Auditors' Report)

Assets

	2003	2002
Current assets		
Cash and cash equivalents (Notes A and H)	$ 246,787	$ 1,196,561
Refundable income taxes (Note D)	27,005	11,267
Total current assets	273,792	1,207,828
Investments		
Marketable debt and equity securities (Note C)	4,259,485	2,617,255
Land - at cost	234,939	234,939
	4,494,424	2,852,194
Property (Note A)		
Levees and office furniture and equipment (net of accumulated depreciation of $157,537 for 2003 and $142,688 for 2002)	1,659	2,589
Total assets	$ 4,769,875	$4,062,611

Liabilities and Stockholders' Equity

	2003	2002
Current liabilities		
Income taxes payable (Note D)	$ 1,089	$ 42,857
Payroll taxes payable	6,668	2,321
Total current liabilities	7,757	45,178
Commitments and contingencies (Notes G)	-	-
Stockholders' equity		
Common stock, no par value - 5,000,000 shares authorized, 712,799 shares issued, 688,607 shares outstanding	47,520	47,520
Retained earnings	4,789,413	4,044,728
	4,836,933	4,092,248
Less cost of treasury stock - 24,192 shares	(74,815)	(74,815)
	4,762,118	4,017,433
Total liabilities and stockholders' equity	$ 4,769,875	$ 4,062,611

The accompanying notes are an integral part of these financial statements.

BILOXI MARSH LANDS CORPORATION
STATEMENTS OF REVENUES AND EXPENSES AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(See Auditors' Report)

	2003	2002
Revenues		
Oil and gas		
Lease bonuses and delay rentals	$ 594,418	$ 3,233,546
Royalties (net of production taxes)	5,636,667	2,553,449
Seismic permit fees	31,619	17,500
Total oil and gas revenues	6,262,704	5,804,495
Other		
Dividends and interest	96,549	122,800
Gain (loss) on sale of securities	327,846	(1,898)
Gain on royalty distribution	-	12,773
Surface rentals and other	17,458	23,125
Total other revenues	441,853	156,800
Total revenues	6,704,557	5,961,295
Expenses		
Salaries	104,067	30,000
Bonuses	56,850	-
Payroll taxes	6,955	3,690
Employee benefits	44,919	-
Association dues	6,670	6,450
Accounting and auditing	31,200	39,120
Administrative management	1,500	26,150
Clerical	645	6,000
Consultants (Note E)	28,863	298,530
Depreciation (Note A)	14,849	12,766
Directors' fees	34,000	17,750
Franchise taxes	33,662	11,223
Insurance	67,348	52,526
Land management fees and expenses	116	12,978
Legal fees (Note E)	308,552	175,826
Other	48,649	16,646
Portfolio services	15,862	13,188
Property taxes	17,908	18,792
Rent	7,290	6,268
Total expenses	829,905	747,903
Income (before income taxes)	5,874,652	5,213,392
Provision for income taxes (Note D)	1,859,084	1,787,015
Net income	4,015,568	3,426,377
Retained earnings - beginning of year	4,044,728	2,697,944
	8,060,296	6,124,321
Dividends (Note F)	3,270,883	2,079,593
Retained earnings - end of year	4,789,413	4,044,728
Net income per share	$ 5.83	$ 4.98

The accompanying notes are an integral part of these financial statements.

BILOXI MARSH LANDS CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(See Auditors' Report)

	2003	2002
Cash flows provided (used) by operating activities (Note B)		
Oil and gas revenues received	$ 6,262,704	$ 5,804,495
Interest and dividends received	96,549	122,800
Other	17,458	23,125
Cash paid for purchased interest	(961)	-
Cash paid for expenses	(810,709)	(732,815)
Cash paid for income and other taxes	(1,916,590)	(1,806,574)
Net cash provided by operating activities	3,648,451	3,411,031
Cash flows provided (used) by investing activities		
Proceeds from maturing investments	1,903,878	1,765,961
Proceeds from the sale of securities	861,042	701,939
Purchase of securities	(4,078,343)	(3,033,307)
Purchase of office furniture and equipment	(13,919)	(8,396)
Net cash provided (used) by investing activities	(1,327,342)	(573,803)
Cash flows provided (used) by financing activities		
Dividends paid	(3,270,883)	(2,583,276)
Net cash provided (used) by financing activities	(3,270,883)	(2,583,276)
Net increase (decrease) in cash and cash equivalents	(949,774)	253,952
Cash and cash equivalents at beginning of year	1,196,561	942,609
Cash and cash equivalents at end of year	$ 246,787	$ 1,196,561

The accompanying notes are an integral part of these financial statements.

NOTE A - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Corporation's principal source of income consists of rents, mineral royalties and other income related to its real estate ownership. In addition, the Corporation has significant revenues from the investment of funds in marketable securities.

Cash Basis

It is the policy of the Corporation to prepare its financial statements on the cash basis of accounting, where revenues and the related assets are recognized when received and expenses are recognized when paid, rather than when the obligation is incurred. However, income taxes are accrued on cash basis revenue in excess of cash basis expenses, and dividends declared by the Board of Directors are recorded on the date they are declared.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash Equivalents

Management of the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Depreciation

Depreciation of property is provided for in amounts sufficient to relate their cost over their estimated service lives using the Accelerated Cost Recovery System (ACRS) rates as indicated for federal income tax purposes. Depreciation expense under generally accepted accounting principles is spread over the estimated useful lives of the assets using straight-line and some accelerated methods. Accordingly, the accompanying financial statements are not intended to present financial position, results of operations and cash flows in accordance with generally accepted accounting principles.

Depreciation, using 18-19 ACRS lives, reflected in the accompanying financial statements totaled $930 for 2003 and $4,370 for 2002. In addition, assets totaling $13,919 for 2003 and $8,396 for 2002 were expensed in accordance with Section 179 of the I.R.C..

Oil & Gas Reserves

The Corporation has extensive land holdings in St. Bernard Parish, Louisiana, the vast majority of which are leased to exploration and production companies. A study by a reservoir engineering firm has estimated that the Corporation has substantial proved reserves in natural gas associated with a portion of this property. These proved reserve estimates are not included in these financial statements that have been prepared on the basis of cash receipts and disbursements and are not intended to present the financial position and results of operations in accordance to generally accepted accounting principles.

NOTE B - SUPPLEMENTARY CASH FLOW DISCLOSURES

A reconciliation of net income to net cash provided by operating activities for the years ended December 31, 2003 and 2002 is as follows:

	2003	2002
Net income	$ 4,015,568	$ 3,426,377
Adjustments - cash provided (used) by operations		
Depreciation	14,849	12,766
Gain (loss) on sale of securities	(327,846)	1,898
Gain on royalty distribution	-	(12,772)
(Increase) decrease in purchased interest	(961)	-
(Increase) decrease in refundable income taxes	(15,738)	(11,267)
Increase (decrease) in income taxes payable	(41,768)	(8,292)
Increase in payroll taxes payable	4,347	2,321
Cash provided by operating activities	$ 3,648,451	$ 3,411,031

NOTE C - MARKETABLE SECURITIES

Marketable securities consist of investments in debt and equity securities which are carried at their amortized cost. Cost and fair market value of investment in marketable securities at December 31, 2003 and 2002 are as follows:

	2003		
	Cost Amortized	Value Fair Market	Gains (Losses) Unrealized
Equity securities	$ 1,946,733	$ 4,020,063	$ 2,073,330
Debt securities			
Corporate bonds	99,861	102,569	2,708
Municipal bond	318,326	317,582	(744)
U.S. Government Agencies	1,894,565	1,898,611	4,406
	$ 4,259,485	$ 6,338,825	$ 2,079,340

	2002		
	Cost Amortized	Value Fair Market	Gains (Losses) Unrealized
Equity securities	$ 1,321,348	$ 2,474,312	$ 1,152,964
Debt securities			
Corporate bonds	199,886	205,891	6,005
U.S. Government Agencies	1,096,021	1,116,981	20,960
	$ 2,617,255	$ 3,797,184	$ 1,179,929

NOTE D - INCOME TAXES

The provision for income taxes differs from the amounts computed by applying the federal statutory tax rate to earnings before income tax for the following reasons:

	Years ended December 31,	
	2003	2002
Tax expense (based on federal statutory rate of 34%)	$ 1,997,382	$ 1,772,553
Income tax effect of:		
Dividend exclusion	(5,312)	(5,240)
Depletion on royalty income	(295,723)	(136,812)
State income tax (net of federal income tax benefit)	162,737	156,514
Provision for income taxes	$ 1,859,084	$ 1,787,015

Refundable (payable) income taxes at December 31, consist of:

	2003	2002
Total estimated tax payments		
Federal	$1,620,000	$ 1,504,779
State	265,000	250,646
	1,885,000	1,755,425
Provision for income taxes	1,859,084	1,787,015
Refundable income taxes - state	27,005	11,267
Income taxes payable - federal	$ (1,089)	$ (42,857)

NOTE E - RELATED PARTY TRANSACTIONS

A member of the Board of Directors/Officer is a partner in the law firm which represents the Company. Payments to this related party for the years ended December 31, 2003 and 2002 were $5,299 and $20,326, respectively. In addition, for the year ended December 31, 2002 a member of the Board of Directors/Officer received a $75,000.00 one time payment for his part in the negotiation of an oil and gas mineral lease between the company and the Meridian Resource Corporation (NYSE:TMR).

NOTE F - DIVIDENDS DECLARED

For the year ended December 31, 2003 and 2002, all dividends were declared and paid prior to December 31.

NOTE G - COMMITMENTS & CONTINGENCIES

There is currently pending a Possessory action suit which was filed by the Company on or about November 2, 2001 as a result of disturbances in the Company's possession of Sections 1, 2 & 3, T13S, R16E due to competing oil, gas & mineral leases granted to Manti Resources Inc. (Manti) by certain Manuel Molero family members and also to Louis and Gustave Carmadelle family entities. Further disturbances in the Company's possession are the result of competing seismic permit/lease options and competing leases granted by the same parties to The Meridian Resource & Exploration LLC (Meridian) for acreage outside of the Manti lease. The Manuel Molero family members filed a declaratory judgment action with regard to the same acreage, which action was consolidated with the Company's Possessory action. Additionally, Manti, which is producing two wells within a geographical unit on the acreage in conflict, filed a concursus proceeding, and deposited funds into the registry of the court representing royalties attributable to the conflict acreage in the producing unit. Meanwhile, Meridian has filed a concursus proceeding with respect to additional producing units formed which contain conflict acreage. Consolidation of the concursus proceedings with the Possessory action and declaratory judgment action above mentioned is being considered by the court. Management intends to vigorously pursue the Company's Possessory action and vigorously defend against the Molero family members' declaratory judgment action.

In addition to the above described competing claims to the subject acreage, there are also competing claims between the Company and the State of Louisiana regarding certain waterbottoms within each producing unit. There is no potential for an adverse judgment declaring the payment of Company funds as the consolidated suits will ultimately determine the possession and ownership of the subject property and the right to the proceeds from production on deposit. As of December 31, 2003 the Company's potential share of the funds deposited in the various concursus accounts is close to 14 million dollars. As of the date of this report, there is no way to forecast a time table for the conclusion of the litigation and the resolution of the disputes nor can we, at this time, predict the outcome of the litigation.

NOTE H - UNINSURED CASH BALANCES

The Company maintains cash and cash equivalents with local highly rated financial institutions. The cash balances are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $100,000 per bank. The Company had uninsured cash balances at December 31, 2003 and 2002 of $1,466,819 and $159,972 respectively. In addition to the above the company maintains two brokerage accounts and it had uninsured cash balances totaling $806,216 as of December 31, 2002.

BILOXI MARSH LANDS CORPORATION
ADDITIONAL INFORMATION
SCHEDULE OF MARKETABLE SECURITIES
DECEMBER 31, 2003 AND 2002

BILOXI MARSH LANDS CORPORATION
SCHEDULE OF MARKETABLE SECURITIES
DECEMBER 31, 2003 AND DECEMBER 31, 2002

	2003				2002			
Company / Description	Shares / Face Value	Cost	Market Value	Unrealized Gains (Losses)	Shares / Face Value	Cost	Market Value	Unrealized Gains (Losses)
Marketable Equity Securities								
Common Stocks								
Advancepcs	-	-	-	-	1,000	$ 29,804	$ 22,210	$ (7,594.0)
American Vanguard Corp	8,500	$ 159,092	$ 316,795	$ 157,703	-	-	-	-
Block H&R, Inc.	4,100	109,979	227,017	117,038	3,000	64,635	120,600	55,965
Bristol Myers Squibb Co.	-	-	-	-	3,000	30,299	69,450	39,151
Cerner Corp	7,000	145,303	264,950	119,647	2,400	44,111	75,024	30,913
Cooper Companies Inc.	6,400	133,559	301,632	168,073	6,400	133,559	160,128	26,569
EPIQ Systems Inc.	8,700	126,584	149,031	22,447	8,700	126,584	133,284	6,700
Exxon Mobil Corp.	-	-	-	-	3,000	5,523	104,820	99,297
First State Bancorporation	4,800	115,165	166,800	51,635	4,800	115,166	119,040	3,874
Garmin LTD	5,000	95,517	272,400	176,883	7,500	143,275	219,750	76,475
Irwin Financial Corp	5,300	126,593	166,420	39,827	-	-	-	-
Jack Henry & Associates	14,000	68,442	288,120	219,678	14,000	68,442	168,560	100,118
Labone Inc New	7,500	150,124	243,525	93,401	-	-	-	-
Luminex Corp	26,000	150,043	243,880	93,837	-	-	-	-
O'Charleys Inc.	8,400	67,900	150,780	82,880	8,400	67,900	172,452	104,552
Petroleum Helicopters VTG	7,200	139,770	176,400	36,630	7,200	139,770	213,408	73,638
Pfizer, Inc.	6,000	916	211,980	211,064	6,000	916	183,420	182,504
SCP Pool Corp	10,500	28,873	343,140	314,267	12,750	52,590	372,300	319,710
Stewart Enterprises Inc.	-	-	-	-	23,000	129,497	128,133	(1,364)
Stone Energy Corp	3,500	98,852	148,575	49,723	3,500	98,852	116,760	17,908
Union Planters Corp	3,375	70,425	106,279	35,854	3,375	70,425	94,973	24,548
Yellow Corporation	6,700	159,596	242,339	82,743	-	-	-	-
		1,946,733	4,020,063	2,073,330		1,321,348	2,474,312	1,152,964

BILOXI MARSH LANDS CORPORATION
SCHEDULE OF MARKETABLE SECURITIES
DECEMBER 31, 2003 AND DECEMBER 31, 2002

Company / Description	2003 Shares / Face Value	2003 Cost	2003 Market Value	2003 Unrealized Gains (Losses)	2002 Shares / Face Value	2002 Cost	2002 Market Value	2002 Unrealized Gains (Losses)
Marketable Debt Securities								
Corporate Bonds								
Ford Motor Credit 7.740%, Due 7/16/04	100,000	99,861	102,569	2,708	100,000	99,861	101,891	2,030
Stone Energy Corp. Note 8.75%, Due 9/15/07	-	-	-	-	100,000	100,025	104,000	3,975
		99,861	102,569	2,708		199,886	205,891	6,005
Municipal Bonds								
Louisiana Loc Govt envir Facs Shreveport/Independence-2000 1.2%, Due 3/01/04	30,000	30,000	30,007	7	-	-	-	-
Louisiana Loc Govt envir Facs Shreveport/Independence-2000 1.2%, Due 3/01/04	140,000	139,999	140,032	33	-	-	-	-
Saint Charles Parish LA Sch Sist #1 RFDG DO 2.0%, Due 3/01/04	50,000	50,115	50,076	(39)	-	-	-	-
Tangipahoa LA Cons Sch 116 Gen Oblig Imp Bds, Ser 2003 6.0%, 5/01/04	95,000	97,251	96,506	(745)	-	-	-	-
Purchased Interest		961	961		-	-	-	-
		318,326	317,582	(744)		-	-	-

BILOXI MARSH LANDS CORPORATION
SCHEDULE OF MARKETABLE SECURITIES
DECEMBER 31, 2003 AND DECEMBER 31, 2002

Company / Description	2003 Shares / Face Value	2003 Cost	2003 Market Value	2003 Unrealized Gains (Losses)	2002 Shares / Face Value	2002 Cost	2002 Market Value	2002 Unrealized Gains (Losses)
Marketable Debt Securities (Continued)								
U.S. Government Agencies								
Federal Home Loan Bank Note								
Due 4/4/05 5.27%	-	-	-	-	150,000	150,000	151,590	1,590
Federal National Mortgage								
Assoc.Disc.Note, Due 1/10/03	-	-	-	-	200,000	196,021	199,931	3,910
Federal Home Loan Bank Note								
Due 4/22/04 4.14%	-	-	-	-	200,000	200,000	201,620	1,620
Federal Home Loan Bank Note								
Due 4/12/06	200,000	200,000	201,312	1,312	200,000	200,000	207,820	7,820
Federal Home Loan Bank Note								
Due 6/20/07 5.05%	-	-	-	-	350,000	350,000	356,020	6,020
Federal Home Loan Bank Note								
Due 5/12/04	1,000,000	995,811	995,969	158	-	-	-	-
Fannie Mae								
Due 11/25/05 2.50%	100,000	100,000	100,219	219	-	-	-	-
Federal Home Loan Bank Note								
Due 9/26/07 3.80%	50,000	50,000	51,094	1,094	-	-	-	-
Fannie Mae								
Due 4/30/04 %	300,000	298,968	298,919	(49)	-	-	-	-
Fannie Mae								
Due 12/29/06 3.00%	200,000	200,000	201,312	1,312	-	-	-	-
U. S. Treasury Bills								
Due 6/17/04	50,000	49,786	49,786	-	-	-	-	-
		1,894,565	1,898,611	4,046		1,096,021	1,116,981	20,960

BILOXI MARSH LANDS CORPORATION
SCHEDULE OF MARKETABLE SECURITIES
DECEMBER 31, 2003 AND DECEMBER 31, 2002

	2003				2002			
Company / Description	Shares / Face Value	Cost	Market Value	Unrealized Gains (Losses)	Shares / Face Value	Cost	Market Value	Unrealized Gains (Losses)
Total Investments as of - December 31, 2003 & December 31, 2002		$ 4,259,485	$ 6,338,825	$ 2,079,340		$ 2,617,255	$ 3,797,184	$ 1,179,929