

ABRAMS INDUSTRIES INC
Form 10-Q
September 14, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
QUARTERLY REPORT

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

For the Quarter Ended
July 31, 2001 0-10146

Commission File No.

ABRAMS INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Georgia

58-0522129

(State or other jurisdiction of
incorporation or organization)

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

1945 The Exchange, Suite 300, Atlanta, Georgia 30339

(Address of principal executive offices) (Zip Code)
(770) 953-0304

(Registrant's telephone number, including area code)
N/A

(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 No

The number of shares of \$1.00 par value Common Stock of the Registrant outstanding as of August 31, 2001, was 2,937,303.

ITEM 1. FINANCIAL STATEMENTS

ABRAMS INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

July 31, 2001	April 30, 2001

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$5,103,769	\$11,448,750
Receivables (note 2)	23,639,894	15,510,253
Less: Allowance for doubtful accounts	(1,012,397)	(961,461)
Costs and earnings in excess of billings	5,188,879	1,483,195
Property held for sale (note 5)	12,557,737	33,404
Deferred income taxes	786,460	786,460
Other	867,769	785,799

Total current assets	47,132,111	29,086,400
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INCOME-PRODUCING PROPERTIES,
net

	26,536,892	26,712,359
PROPERTY, PLANT AND EQUIPMENT, net	861,501	1,284,689
REAL ESTATE HELD FOR FUTURE SALE OR DEVELOPMENT (note 6)	23,901,303	36,100,308
OTHER ASSETS		

Intangible assets, net (note 10)	2,316,459	1,220,147
Goodwill (notes 9 & 10)	1,741,831	
Other	3,302,829	3,215,782

\$105,792,926 \$97,619,685

LIABILITIES AND SHAREHOLDERS
EQUITY

CURRENT LIABILITIES

Trade and subcontractors payables
\$18,172,419 \$8,803,760
Billings in excess of costs and earnings
2,541,711 1,506,766
Accrued expenses
1,838,614 3,720,661
Net liabilities of discontinued operations
(note 3)
1,911,567 1,903,375
Current maturities of long-term debt
(note 5)
13,874,482 1,709,490

Total current liabilities
38,338,793 17,644,052

DEFERRED INCOME TAXES

3,372,824 3,372,824

OTHER LIABILITIES

4,052,252 3,916,647

MORTGAGE NOTES PAYABLE, less
current maturities (note 5)

20,532,274 32,915,932

OTHER LONG-TERM DEBT, less
current maturities

17,073,969 17,264,687

Total liabilities

83,370,112 75,114,142

SHAREHOLDERS EQUITY

Common stock, \$1 par value; authorized
5,000,000 shares; 3,047,839 issued and
2,937,903 outstanding in July 2001,
3,041,039 issued and 2,943,303
outstanding in April 2001
3,047,839 3,041,039
Additional paid-in capital
2,115,914 2,097,315
Deferred stock compensation
(70,596) (75,094)
Retained earnings
17,864,863 17,930,914

22,958,020 22,994,174
Less cost of treasury stock
535,206 488,631

Total shareholders equity
22,422,814 22,505,543

\$105,792,926 \$97,619,685

See accompanying notes to consolidated financial statements.

ABRAMS INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

**FIRST QUARTER ENDED
 JULY 31,**

2001	2000
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REVENUES

Construction	
\$35,925,156	\$47,610,725
Real estate	
3,239,851	3,174,423
Energy management	
819,312	

39,984,319	50,785,148
Interest	
84,259	129,305
Other	
13,914	11,456

40,082,492	50,925,909
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COSTS AND EXPENSES

Applicable to REVENUES

Construction	
34,900,197	45,122,539
Rental property operating expenses, excluding interest	
1,625,316	1,594,865
Energy management	
415,369	

36,940,882 46,717,404

Selling, general and administrative

Construction

735,992 1,016,211

Real estate

138,921 416,509

Energy management

310,558

Parent

725,807 627,302

1,911,278 2,060,022

Interest

1,152,464 1,292,864

40,004,624 50,070,290

EARNINGS FROM CONTINUING
OPERATIONS

BEFORE INCOME TAXES

77,868 855,619

INCOME TAX EXPENSE

26,000 333,000

EARNINGS FROM CONTINUING
OPERATIONS

51,868 522,619

DISCONTINUED OPERATIONS (note 3)

Earnings from discontinued operations,
adjusted for applicable income tax expense
of \$0 and \$22,000, respectively

37,481

NET EARNINGS

\$51,868 \$560,100

NET EARNINGS PER SHARE FROM:

Continuing Operations-Basic and Diluted

\$.02 \$.18

Discontinued Operations-Basic and Diluted

.01

NET EARNINGS PER SHARE-BASIC
AND DILUTED

\$.02 \$.19

DIVIDENDS PER SHARE

\$.12 \$.12

WEIGHTED AVERAGE SHARES
OUTSTANDING
2,942,925 2,936,356

See accompanying notes to consolidated financial statements.

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ABRAMS INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

**FIRST QUARTER ENDED
JULY 31,**

2001	2000
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Cash flows from operating activities:

Net income

\$51,868 \$560,100

Adjustments to reconcile net income to
net cash used in operating activities:

Depreciation and amortization

587,700 754,192

Earnings from discontinued operations

(37,481)

Changes in assets and liabilities:

Receivables, net

(8,098,120) (7,643,615)

Costs and earnings in excess of billings

(3,705,684) (1,774,841)

Other current assets

(65,493) (34,604)

Other assets

(99,284) (131,607)

Trade and subcontractors payable

9,368,659 6,751,031

Accrued expenses

(1,882,047) (1,810,173)

Billings in excess of costs and earnings

1,034,945 784,484

Other liabilities

92,351 87,997

Net cash used in continuing operations
(2,715,105) (2,494,517)
Net cash provided by discontinued
operations
8,192 789,687

Net cash used in operating activities
(2,706,913) (1,704,830)

Cash flows from investing activities:

Additions to properties, property, plant
and equipment, net
(63,155) (205,792)
Changes in intangible assets
(22,728)
Acquisition, net of cash acquired
(2,971,663)
Repayments received on notes receivable
21,715 40,679

Net cash used in investing activities
(3,035,831) (165,113)

Cash flows from financing activities:

Debt repayments
(437,750) (301,036)
Repurchase of capital stock
(46,575)
Cash dividends
(117,912) (117,454)

Net cash used in financing activities
(602,237) (418,490)

Net decrease in cash and cash equivalents
(6,344,981) (2,288,433)
Cash and cash equivalents at beginning of
period
11,448,750 7,268,974

Cash and cash equivalents at end of
period
\$5,103,769 \$4,980,541

Supplemental disclosure of noncash
investing activities:

Transfer of Real estate held for future
development or sale to Property held for
sale
\$12,524,333 \$

Transfer of Property to Real estate held
for future development or sale
\$321,710 \$

Supplemental schedule of cash flow
information

Interest paid, net of amounts capitalized
\$1,126,995 \$1,230,476

Income taxes paid, net of refunds
\$61,470 \$6,776

See accompanying notes to consolidated financial statements.

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ABRAMS INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2001, AND APRIL 30, 2001
(UNAUDITED)

NOTE 1. UNAUDITED STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared by the Company in accordance with generally accepted accounting principles, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, the accompanying financial statements contain all adjustments, which consist solely of normal recurring accruals, necessary for a fair statement of the results for the interim periods presented. These financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report to Shareholders for the year ended April 30, 2001. Results of operations for interim periods are not necessarily indicative of annual results.

NOTE 2. RECEIVABLES

All net contract and trade receivables are expected to be collected within one year.

NOTE 3. DISCONTINUED OPERATIONS

During the quarter ended January 31, 2000, the Board of Directors of the Company decided to discontinue the operations of the Manufacturing Segment. The remaining assets and liabilities of the Manufacturing Segment have been consolidated and presented as Net liabilities of discontinued operations on the Consolidated Balance Sheets at July 31, 2001, and April 30, 2001. The amounts in both periods include a \$2.76 million deferred gain, a current liability, related to the amount awarded to the Company in connection with the Georgia World Congress Center Authority's condemnation of the Company's former manufacturing facility. The award is currently under appeal by both parties.

NOTE 4. OPERATING SEGMENTS

In May 2001, the Company formed a third operating segment, Energy Management, and subsequently acquired substantially all of the assets of Servidyne Systems, Inc., an energy management and engineering services company. Through this new segment, the Company offers its institutional customers energy efficiency products and engineering services that reduce energy consumption, labor, equipment maintenance, and capital costs in commercial buildings.

The table below exhibits selected financial data on a segment basis. Earnings (loss) from continuing operations before income taxes is total revenue less operating expenses of continuing operations, including depreciation and interest. Parent expenses have not been allocated to the subsidiaries.

**FOR THE QUARTER ENDED
JULY 31, 2001**

**ENERGY
REAL
CONSTRUCTION
ESTATE
GENERAL INVESTMENTS
CONSOLIDATED**

Revenues from unaffiliated

customers

\$35,925,156 \$3,239,851 \$819,312 \$ \$ \$39,984,319

Interest and other income

42,506 45,599 57,454 (47,386) 98,173

Intersegment revenue

120,303 (120,303)

Total revenues from

continuing operations

\$35,967,662 \$3,405,753 \$819,312 \$57,454 \$(167,689) \$40,082,492

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Earnings (loss) from

continuing operations

before income taxes

\$267,674 \$488,308 \$91,269 \$(811,220) \$41,837 \$77,868

FOR THE QUARTER ENDED &