ABRAMS INDUSTRIES INC
Form 10-K
July 18, 2001

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
ANNUAL REPORT

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

For the fiscal year ended April 30, 2001

Commission file number 0-10146

ABRAMS INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Georgia 58-0522129
(State or other jurisdiction of (I.R.S. Employerincorporation or
organization) Identification No.) 1945 The Exchange, Suite 300,
Atlanta, GA 30339-2029(Address of principal executive offices)
(Zip Code)

Registrant s telephone number, including area code: (770) 953-0304

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class:	Name of each exchange on which registered:
None None	

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Common Stock, $1.00 Par Value Per Share
(Title of Class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of the registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. __

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of June 15, 2001, was $5,042,849. See Part III. The number of shares of Common Stock of the registrant outstanding as of June 15, 2001 was 2,947,303.

DOCUMENTS INCORPORATED BY REFERENCE

The information called for by Part III (Items 10, 11, 12, and 13) is incorporated herein by reference to the registrant s definitive proxy statement for the 2001 Annual Meeting of Shareholders which is to be filed pursuant to Regulation 14A.

PART I

ITEM 1 BUSINESS

Abrams Industries, Inc. engages in (i) construction of retail and commercial projects; (ii) investment in income-producing properties, including acquisition, development, re-development and sale; and (iii) energy management. As used herein, the term Company refers to Abrams Industries, Inc. and its subsidiaries and predecessors, unless the context indicates otherwise. Prior to fiscal year 2001, the Company engaged in the asset and property management of properties in which it had an ownership or leasehold interest.

In May 2001, the Company created a third operating segment by acquiring the operating assets of another company. Abrams Power, Inc., through its affiliate Servidyne Systems, LLC, offers its institutional customers an array of state-of-the-art strategies to reduce energy consumption, labor, equipment maintenance, and capital costs in commercial buildings, using a comprehensive approach that combines its suite of specialized services, sophisticated energy efficiency products and engineering services.

The Company was organized under Delaware law in 1960 to succeed to the business of A. R. Abrams, Inc., which was founded in 1925 by Alfred R. Abrams as a sole proprietorship. In 1984, the Company changed its state of incorporation from Delaware to Georgia.

Financial information for the operating segments is set forth in Note 15 to the Consolidated Financial Statements of the Company.

Construction Segment

The Company, through its wholly owned subsidiary, Abrams Construction, Inc., has engaged in the construction business since 1925. Although the Company does work throughout much of the United States, it concentrates its activities principally in the Southern and Midwestern states. Construction activities consist primarily of new construction, expansion, and remodeling of retail store buildings, banks, shopping centers, warehouses and distribution centers.

Construction contracts are obtained by competitive bid and by negotiation. Generally, the Company purchases materials and services for its construction operations on a project-by-project basis.

Real Estate Segment

The Company, through its wholly owned subsidiary, Abrams Properties, Inc., has engaged in real estate activities since 1960. These activities primarily have involved the development, management and ownership of shopping centers in the Southeast and Midwest. During fiscal 2001, the Company entered into contracts with third parties to assume responsibility for the asset and property management functions related to its real estate portfolio.

The Company currently owns seven shopping centers, five of which the Company developed and two which it acquired. Two of these centers are currently being marketed for sale and are classified as Real estate held for future sale. The remaining centers are held as long-term investments. See ITEM 2. PROPERTIES Owned Shopping Centers. The Company is also lessee and sublessor of nine Company-developed shopping centers which were sold and leased back by the Company. See ITEM 2. PROPERTIES Leaseback Shopping Centers . The Company also owns two office properties. See ITEM 2 PROPERTIES Office Buildings.

Energy Management Segment

In May 2001, the Company began operations of a new segment, Energy Management, through its wholly owned subsidiary, Abrams Power, Inc. On May 9, 2001, the Company purchased substantially all of the assets of Servidyne Systems, Inc., an energy engineering and management company.

The primary focus for the business is the continental United States, although the Company does perform services for some international customers. The Company assists institutional customers in reducing energy consumption and operating costs of existing commercial buildings by providing: (1) engineering services, (2) equipment maintenance and labor productivity management, and (3) utility cost management. Energy engineering contracts are primarily obtained through negotiations, but may also be obtained through competitive bids on larger proposals.

Employees and Employee Relations

At April 30, 2001, the Company employed 81 salaried employees and 7 hourly employees. On its construction jobs, the Company utilizes local labor whenever practicable, paying the prevailing wage scale. The Company believes that its relations with its employees are good. The Company s newly formed Energy Management Segment began operations in May 2001 with 19 salaried and 5 hourly employees, which are not included in the totals above.

Seasonal Nature of Business

The Company s business historically has been somewhat seasonal, with the Construction Segment affected by weather conditions and its retail customers store opening schedules. The Company s exposure to weather conditions is limited to some extent by operating in several regions of the country, with substantial operations in the southern United States where favorable weather conditions prevail for most of the year. Generally, fewer retailers open stores in the winter months, and new store construction usually is scheduled to be completed prior to the winter season. The business of the Real Estate Segment is generally less seasonal.

Competition

The businesses of the Company are highly competitive. In the Construction Segment, the Company competes with a large number of national and local construction companies, many which have greater financial resources than the Company. The Real Estate Segment also operates in a competitive environment, with numerous parties competing for available financing, properties, tenants and investors.

Principal Customers

During fiscal 2001, the Company derived approximately 66% ($101,505,377) of its Consolidated Revenues from Continuing Operations from direct transactions with The Home Depot, Inc. These revenues resulted principally from construction activities. See Note 15 to the Consolidated Financial Statements of the Company. No other single customer accounted for 10% or more of the Company s consolidated revenues during the year.

Backlog

The following table indicates the backlog of contracts, expected rentals and real estate sales for the next twelve months, by industry segment:

	April 30, 2001	April 30, 2000
Construction-contracts	**$55,565,000**	$71,827,000
Real Estate-rental income	**11,346,000**	11,202,000
Real Estate-sales	**195,000**	195,000
Total Backlog	**$67,106,000**	$83,224,000

The Company estimates that most of the backlog at April 30, 2001, will be completed prior to April 30, 2002. No assurance can be given as to future backlog levels or whether the Company will realize earnings from revenues resulting from the backlog at April 30, 2001.

Regulation

The Company is subject to the authority of various federal, state and local regulatory agencies concerned with its construction operations, including among others, the Occupational Health and Safety Administration. The Company is also subject to local zoning regulations and building codes in performing its construction and real estate activities. Management believes that it is in substantial compliance with all such governmental regulations. Management believes that compliance with federal, state and local provisions, which have been enacted or adopted for regulating the discharge of materials into the environment, does not have a material effect upon the capital expenditures, earnings and competitive position of the Company.

Executive Officers of the Registrant

The Executive Officers of the Company as of April 30, 2001, were as follows:

Co-Chairman of the Board since August 1998 and Director of the Company since 1992, he has been Chief Executive Officer since July 1999 and President since May 2000. From May 1998 to July 1999, he was President and Chief Operating Officer. He served as Executive Vice President of the Company from August 1997 to May 1998. From July 1994 to May 1998 he served as President, and from July 1997 to May 1998 as Chief Executive Officer of Abrams Properties, Inc.

Co-Chairman of the Board since August 1998 and Director of the Company since 1992, he has been Vice President-Business Development since May 2000, and served as President and Chief Operating Officer from July 1999 to May 2000. From August 1997 to July 1999, he was Executive Vice President. He also has served as Chief Executive Officer of Abrams Fixture Corporation since July 1997. From September 1994 to July 1997, he served Abrams Fixture Corporation as Vice President.

Director of the Company since February 2000, he has served Abrams Construction, Inc. as Chief Executive Officer since January 2001 and President since June 1995.

Director of the Company since September 1999, she has been Chief Financial Officer since February 1997. She also has served Abrams Properties, Inc. as President since January 2001, Chief Financial Officer from May 1998 to December 2000, and Vice President from June 1993 to December 2000.

Executive Officers of the Company are elected by the Board of Directors of the Company or the Board of Directors of the respective subsidiary to serve at the pleasure of the Board. Alan R. Abrams and J. Andrew Abrams are brothers, and are the sons of Edward M. Abrams, a member of the Board of Directors and Chairman of the Executive Committee of the Board of Directors. David L. Abrams, a member of the Board of Directors, is first cousin of Alan R. Abrams and J. Andrew Abrams, and nephew of Edward M. Abrams. In May 2001, E. Milton Bevington was elected Director of Abrams Power, Inc. and President of Servidyne Systems, LLC, new subsidiaries of the Company. Mr. Bevington is the husband of Paula Lawton Bevington, a member of the Board of Directors. There are no other family relationships between any Executive Officer or Director and any other Executive Officer or Director of the Company.

ITEM 2 PROPERTIES

The Company, through its Real Estate Segment, owns its corporate headquarters building, which contains approximately 66,000 square feet of office space. The building is located in the North X Northwest Office Park, 1945 The Exchange, in suburban Atlanta, Georgia. The Parent Company and the Construction and Real Estate Segments are located in this building. In addition to the 29,200 square feet of offices occupied by the Abrams entities, another 34,800 square feet is leased to unrelated tenants, and the remaining 2,000 square feet is available for lease.

In May 1999, the Company sold its shopping center located in Newnan, Georgia. The sale was structured as a tax-deferred, like-kind exchange pursuant to Internal Revenue Code Section 1031, which allows a deferral of the tax gain if the Company utilizes the proceeds of the sale to purchase other real estate within 180 days of the sale. In July 1999, the Company acquired a shopping center in Jacksonville, Florida, as the replacement property. See ITEM 7. LIQUIDITY AND CAPITAL RESOURCES for discussion regarding the transactions.

In June 1999, the Company received notice from the Georgia State Properties Commission that the Georgia World Congress Center Authority had made the determination to acquire the Company s former wood manufacturing facility in Atlanta, Georgia. In October 1999, a Special Master appointed by the court awarded the Company $4.5 million for the property. Both the State and the Company have appealed the award amount, and at April 30, 2001, the ultimate outcome remains unknown. Pending resolution of the appeals, the Company has included the deferred gain of approximately $2.76 million from this transaction in Net liabilities of discontinued operations at April 30, 2001.

In April 2000, the Company sold its former manufacturing plant located in Lithia Springs, Georgia, which was developed and owned by the Real Estate Segment. The Company continues to own its vacant former metal manufacturing facility located in Atlanta, Georgia.

In May 2001, the Company, through its Energy Management Segment, assumed a lease for 7,418 square feet of office space located at 1350 Spring Street, NW, in midtown Atlanta, Georgia, as part of its acquisition of the assets of Servidyne Systems, Inc.

The Company owns, or has an interest in, the following properties:

Owned Shopping Centers

As of April 30, 2001, the Company s Real Estate Segment owned five shopping centers which it developed and two which it acquired. The following chart provides relevant information relating to the owned shopping centers:

Location	Acres	Leasable Square Feet in Building(s)	Calendar Year(s) Placed in Service by Company	Rental Income 2001	Cash Flow 2001 (1)	Debt Service Payments 2001 (2)	Principal Amount of Debt Outstanding as of April 30, 2001 (3)
1100 W. Argyle Street Jackson, MI	10.5	110,046	1972, 1996	$531,961	$372,325	$397,102	$3,045,795
1075 W. Jackson Street Morton, IL (4)	7.392,1201980, 1992520,297459,669405,5862,837,091						
2500 Airport Thruway Columbus, GA (4) (5)	8.087,5431980, 1988441,286397,087391,6872,172,393						
1500 Placida Road Englewood, FL(6)	28.7213,73919901,965,2761,587,3591,352,16512,389,392						
15201 N. Cleveland North Fort Myers, FL(6)	72.3293,8011993, 19962,774,5691,983,4951,558,10513,088,560						
5700 Harrison Avenue Cincinnati, OH (7)	10.886,3961998540,029334,266						
8106 Blanding Blvd Jacksonville, FL (8)	18.8174,22019991,387,9511,281,5211,181,6989,110,762						

(1) Cash flow is defined as net operating income before the following: depreciation, amortization of loan and lease costs, interest and principal payments on mortgage notes or other debt.

(2) Includes principal and interest.

(3) Exculpatory provisions limit the Company s liability to the respective mortgaged properties, except for the loan in North Fort Myers, Florida, which has been guaranteed by Abrams Properties, Inc. See Notes 9 and 10 to the Consolidated Financial Statements of the Company.

(4) Land is leased, not owned.

(5) The center in Columbus, Georgia, is owned by Abrams-Columbus Limited Partnership, in which Abrams Properties, Inc. serves as general partner and owns an 80% interest.

(6) Property is currently being marketed for sale.

(7) Construction originally completed by others in 1982.

(8) Construction originally completed by others in 1985.

The two centers located in Morton, Illinois, and Columbus, Georgia, are leased exclusively to Kmart. The Kmart lease in Columbus, Georgia, expires in 2008 and has ten five-year renewal options, and the Kmart lease in Morton, Illinois, expires in 2016 and has eight five-year renewal options. Anchor lease terms for other centers are shown in the table below:

Location	Anchor Tenant	Square Footage	Lease Expiration Date	Options to Renew
Jackson, MI	Big Lots	26,022	2007	2 for 5 years each

	Kroger	63,024	2021	6 for 5 years each

Englewood, FL Beall s31,25520064 for 5 years each Kmart86,479201510 for 5 years each Publix48,55520104 for 5 years each Walgreens13,5002040 (1)None

North Fort Myers, FL AMC54,80520164 for 5 years each Beall s35,60020099 for 5 years each Kash n Karry33,00020134 for 5 years each Jo-Ann Fabrics16,00020043 for 5 years each Kmart107,806201810 for 5 years each

Cincinnati, OH Kroger (2)42,45620053 for 5 years each

Jacksonville, FL Publix (2)85,56020106 for 5 years each Office Depot22,69220033 for 5 years each

(1) Tenant may terminate its lease with six months notice at five year intervals beginning in 2010.

(2) Tenant has vacated the premises, but remains responsible for lease payments until the expiration date.

With the exception of the Kmart lease in Columbus, Georgia, all of the anchor tenant leases and most of the small shop leases provide for contingent rentals if sales exceed specified amounts. In 2001, the Company received $82,655 in contingent rentals, net of offsets, which amounts are included in the aggregate rentals set forth above.

Typically, tenants are responsible for their pro rata share of ad valorem taxes, insurance and common area maintenance (subject to the right of offset mentioned above). Kmart has total maintenance responsibility for the centers in Morton, Illinois, and Columbus, Georgia.

Leaseback Shopping Centers

The Company, through its Real Estate Segment, is lessee of nine shopping centers that it developed, sold, and leased back under leases expiring from years 2002 to 2014. The nine centers are subleased by the Company to Kmart Corporation for periods corresponding with the Company s leases. The Kmart subleases provide for contingent rentals if sales exceed specified amounts, and contain ten five-year renewal options, except Jacksonville, Florida, which has eight five-year renewal options. The Company s leases with the fee owners contain renewal options coextensive with Kmart s renewal options. Kmart is responsible for insurance and ad valorem taxes, but has the right to offset against contingent rentals any such taxes paid in excess of specified amounts. In 2001, the Company received $78,289 in contingent rentals, net of offsets, which amounts are included in the aggregate annual rentals set forth below. The Company has responsibility for structural and roof maintenance of the buildings. The Company also has responsibility for parking lots and driveways, except routine upkeep, which is the responsibility of the subtenant, Kmart. The Company s leases contain exculpatory provisions, which limit the Company s liability to its interest in the respective subleases.

The following chart provides certain information relating to the leaseback shopping centers:

Location	Acres	Square Feet in Building(s)	Calendar Years Placed in Service by Company	Rental Income 2001	Rent Expense 2001
Bayonet Point, FL	10.8	109,340	1976, 1994	$379,721	$269,564
Orange Park, FL	9.4	84,180	1976	264,000	226,796
Davenport, IA	10.0	84,180	1977	263,876	213,787
Minneapolis, MN	7.1	84,180	1978	342,920	230,570
West St. Paul, MN	10.0	84,180	1978	298,465	229,630
Ft. Smith, AR	9.2	106,141	1979, 1994	255,350	223,195
Jacksonville, FL	11.6	97,032	1979	303,419	258,858
Louisville, KY	9.3	72,897	1979	290,000	251,279
Richfield, MN	5.7	74,217	1979	300,274	241,904

Office Buildings

The Company, through its Real Estate Segment, owns two office properties: the corporate headquarters building located at 1945 The Exchange, Atlanta, Georgia, and an office park located in northwest suburban Atlanta, Georgia. The following chart provides pertinent information relating to the office buildings:

Location	Acres	Leasable Square Feet in Building(s)	Calendar Year Placed in Service by Company	Rental Income 2001	Cash Flow 2001(1)	Debt Service Payments 2001(2)	Principal Amount of Debt Outstanding as of April 30, 2001
1945 The Exchange Atlanta, GA (3)	3.12	65,880	1997	$1,085,366	$729,872	$513,498	$4,852,919
1501-1523 Johnson Ferry Rd Marietta, GA (4)	8.82	121,476	1997	1,764,895	1,114,859	538,925	6,282,335

(1) Cash flow is defined as net operating income before the following: depreciation, amortization of loan and lease costs, interest and principal payments on mortgage notes and other debt.

(2) Includes principal and interest.

(3) Corporate headquarters building of which the Parent Company and the Construction and Real Estate Segments occupy approximately 29,200 square feet. Rental income and cash flow includes intercompany rent at market rates of $485,750 paid by the Parent Company and the Construction and Real Estate Segments. The debt is guaranteed by Abrams Properties, Inc. Originally constructed in 1974 by others and acquired and re-developed by the Company in 1997.

(4) The Company, through a subsidiary of its Real Estate Segment, is the lessee of 16,859 square feet of space under a master lease agreement to satisfy a condition required by the lender. Rental

income and cash flow include intercompany rent at market rates of $267,825 paid by the Real Estate Segment. Construction originally completed by others in 1980 and 1985. Exculpatory provisions of the loan limit the Company s liability to the mortgaged property.

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Land Leased or Held for Future Development or Sale

The Company, through its Real Estate Segment, owns or has an interest in the following land leased or held for future development or sale:

Location	Acres	Calendar Year Development Completed	Intended Use (1)
W. Argyle Street Jackson, MI	0.9	1972	One outlot or retail shops
Kimberly Road & Fairmont Street6.01977Food store and/or retail shops and outlotDavenport, IA (2)			
Dixie Highway4.71979Food store and/or retail shopsLouisville, KY			
West 15th Street1.41979Two outlotsWashington, NC (3)			
Mundy Mill Road5.31987Retail shops and/or four outlotsOakwood, GA			
North Cleveland Avenue12.41993Six outlots, anchor pads and retail shopsNorth Fort Myers, FL (4)			

(1) Outlot as used herein refers to a small parcel of land reserved from the shopping center parcel and is generally sold for, leased for, or developed as, a fastfood operation, bank or similar use.

(2) Includes 1.1 acre

outlot currently under contract to be sold at a gain.(3) Leased by the Company under leases terminating in years 2005 and 2010, with a right to extend for three additional five-year periods. Both outlots are subleased to others for terms coextensive with the Company s lease.(4) Property is currently being marketed for sale.

There is no debt on any of the above properties, except for the anchor pad and retail shop land in North Fort Myers, Florida. See Note 10 to the Consolidated Financial Statements of the Company. The Company will either develop the properties described above or will hold them for sale or lease to others.

ITEM 3 LEGAL PROCEEDINGS

The Company is not a party to, nor is any of its property the subject of, any pending legal proceedings which are likely, in the opinion of management, to have a material, adverse effect on the Company s operations or financial condition.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

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PART II

ITEM 5 MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

	CLOSING MARKET PRICES		DIVIDENDS PAID PER SHARE	
	FISCAL 2001	FISCAL 2000	**FISCAL 2001**	FISCAL 2000

	HIGH TRADE	**LOW TRADE**	HIGH TRADE	LOW TRADE		
First Quarter	**$4.313**	**$3.125**	$5.375	$3.875	**$.040**	$ .040
Second Quarter	**4.000**	**3.438**	5.938	3.750	**.040**	.040
Third Quarter	**4.469**	**3.625**	4.500	2.940	**.040**	.040
Fourth Quarter	**4.125**	**3.438**	4.000	3.375	**.040**	.040

The common stock of Abrams Industries, Inc. is traded on the NASDAQ National Market System (Symbol: ABRI). The approximate number of holders of common stock was 466 (including shareholders of record and shares held in street name) at May 31, 2001.

ITEM 6 SELECTED FINANCIAL DATA

The following table sets forth selected financial data for the Company and should be read in conjunction with the consolidated financial statements and the notes thereto:

	2001	2000	1999	1998	1997
Net Earnings (Loss) (1)	**$676,172**	$(456,605)	$(676,031)	$2,999,478	$2,391,398
Net Earnings (Loss) Per Share (1)	**$.23**	$(.16)	$(.23)	$1.02	$ .81
Consolidated Revenues - Continuing Operations	**$154,606,987**	$174,579,492	$172,201,090	$163,586,356	$119,420,343
Net Earnings (Loss) - Continuing Operations	**$376,325**	$2,367,190	$(39,599)	$2,694,211	$1,274,545
Net Earnings (Loss) Per Share - Continuing Operations	**$ .13**	$ .80	$(.01)	$ .92	$ .43
Shares Outstanding at Year-End	**2,943,303**	2,936,356	2,936,356	2,936,356	2,938,356
Cash Dividends Paid Per Share	**$ .16**	$ .16	$ .20	$ .19	$ .07
Shareholders Equity	**$22,505,543**	$22,346,138	$23,272,560	$24,535,863	$22,125,214
Shareholders Equity Per Share	$**7.65**	$7.61	$7.93	$8.36	$7.53
Working Capital	**$11,442,348**	$10,820,179	$9,885,902	$15,283,031	$13,075,119

Depreciation and Amortization Expense - Continuing Operations	**$2,761,764**	$3,067,959	$2,702,555	$2,338,854	$2,811,472
Total Assets	**$97,619,685**	$102,845,867	$126,132,540	$121,309,444	$91,499,438
Income-Producing Properties and Property and Equipment, net (2)	**$28,134,764**	$61,456,455	$64,680,003	$67,119,159	$45,028,355
Long-Term Debt	**$50,180,619**	$51,929,637	$56,554,488	$62,938,807	$41,118,885
Return on Average Shareholders Equity(1)	**3.0%**	(2.0)%	(2.8)%	12.9%	11.3%
Return on Average Shareholders Equity - Continuing Operations	**1.7%**	10.4%	(0.2)%	11.5%	6.0%

(1) Includes continuing operations, discontinued operations, and extraordinary item.

(2) Does not include Real estate held for future development or sale.

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ITEM 7 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR FISCAL YEARS ENDED APRIL 30, 2001, 2000, AND 1999

Results of Operations

Revenues

Revenues from continuing operations for 2001 were $154,606,987, compared to $174,579,492 in 2000, and $172,201,090 in 1999. This represents a decrease in Revenues of 11% in 2001, and an increase in Revenues of 1% in 2000. Revenues include Interest income of $480,771, $372,524, and $421,315, for 2001, 2000, and 1999, respectively, and Other income of $51,030, $73,882, and $56,532, for 2001, 2000, and 1999, respectively. The figures in Chart A below do not include Interest income, Other income, or Intersegment revenues. When more than one segment is involved, Revenues are reported by the segment that sells the product or service to an unaffiliated purchaser.

Revenues from Continuing Operations Summary by Segment

CHART A
(Dollars in Thousands)

	Years Ended April 30,		Increase (Decrease)		Years Ended April 30,		Increase (Decrease)	
	2001	2000	Amount	Percent	2000	1999	Amount	Percent
Construction (1)	**$141,118**	$143,916	$(2,798)	(2)	$143,916	$159,273	$(15,357)	(10)

Real Estate (2)	**12,957**	30,217	(17,260)	(57)	30,217	12,450	17,767	143
Total	**$154,075**	$174,133	$(20,058)	(12)	$174,133	$171,723	$2,410	1

NOTES:

(1) The decrease in 2000 from that in 1999 was primarily attributable to a temporary decrease in business from an existing customer. While volume from that existing customer in 2001 exceeded the 2000 and 1999 levels, business from certain other existing customers decreased in 2001 compared to 2000. The volatility with respect to the levels of capital spending of the Company s customers, and the competitive bidding process the Company must go through on most projects before they are awarded, limit the Company s ability to project future revenue trends.

(2) Rental revenues for 2001 were $12,956,875, compared to $12,551,729 in 2000, and $12,449,850 in 1999. Rental revenues exclude $388,960 in 2001, $1,527,856 in 2000, and $1,485,038 in 1999, received from the Company s other segments. Revenues from sales of real estate were $17,665,456 in 2000. There were no sales of real estate in 2001 or 1999. The real estate sales in 2000 consisted of the sale of the

Company s shopping center in Newnan, Georgia, and the sale of the Company s manufacturing facility in Lithia Springs, Georgia. The Company reviews its real estate portfolio on an ongoing basis, and places a property on the market for sale when it believes it is in its best interests to do so. In addition, a property may be marketed in one fiscal year, but the sale may not close until a subsequent year, due to individually negotiated contract terms and market conditions. Real estate sales, which may have a material impact on the Company s results of operations, do not occur every year, and the Company cannot predict the timing of any such sales.

Costs and Expenses: Applicable to Segment Revenues

As a percentage of total Segment Revenues (See Chart A), the applicable total Segment Costs and Expenses (See Chart B on page 12) of $139,075,402 for 2001, $155,731,989 for 2000, and $157,525,283 for 1999, were 90%, 89%, and 92%, respectively.

Costs and Expenses: Applicable to Revenues from Continuing Operations Summary by Segment

CHART B
(Dollars in Thousands)

	Years Ended April 30,			Percent of Segment Revenues For Years Ended April 30,		
	2001	2000	1999	**2001**	2000	1999
Construction (1)	**$131,821**	$136,396	$150,603	**93**	95	95
Real Estate (2)	**7,254**	19,336	6,922	**56**	64	56
Total	**$139,075**	$155,732	$157,525	**90**	89	92

NOTES:

(1) The decrease in the percentage of Costs and Expenses: Applicable to Revenues from Continuing Operations for 2001 compared to 2000 is primarily attributable to: (1) an increase in the size and complexity of work performed, which provided higher margins but involved more risk; (2) improved efficiencies in project management; (3) no significant losses on jobs due to scheduling adjustments; and (4) a refinement in the mix of the Company s customer base. The Company has exposure to increased costs for many reasons beyond its immediate control, including, but not limited to, market competition, unexpected costs, delays due to weather, or an individual customer s scheduling adjustments. Therefore, the Company cannot predict whether the percentages reflected above will continue at the current level.

(2) The decrease in the dollar amount and percentage of Costs and Expenses: Applicable to Revenues from Continuing Operations for 2001 compared to 2000 is primarily attributable to the cost of real estate sold in 2000.

Selling, General and Administrative Expenses

For the years 2001, 2000, and 1999, Selling, general and administrative expenses (See Chart C) were $9,860,037, $9,597,295, and $9,458,766, respectively. As a percentage of Consolidated Revenues from Continuing Operations, these expenses were 6% in each of the years. In reviewing

Chart C, the reader should recognize that the volume of revenues generally would affect these amounts and percentages. The percentages in Chart C are based on expenses as they relate to segment revenues in Chart A, with the exception that Parent expenses and Total expenses relate to Consolidated Revenues.

Selling, General and Administrative Expenses from Continuing Operations Summary by Segment

CHART C
(Dollars in Thousands)

	Years Ended April 30,			Percent of Segment Revenues For Years Ended April 30,		
	2001	2000	1999	**2001**	2000	1999
Construction (1)	**$6,054**	$4,267	$4,584	**4**	3	3
Real Estate (2)	**1,098**	2,160	2,325	**8**	7	19
Parent (3)	**2,708**	3,170	2,550	**2**	2	2
Total	**$9,860**	$9,597	$9,459	**6**	6	6

NOTES:

(1) On a dollar and percentage basis comparison, the increase in expenses in 2001 primarily was due to: (1) an allowance for doubtful accounts reserve for a receivable from Montgomery Ward & Company, which filed for Chapter 11 bankruptcy protection; and (2) increases in personnel costs.

(2) On a dollar basis comparison, the decrease in expenses in 2001 as compared to both 2000 and 1999 resulted primarily from a decrease in personnel costs and incentive based compensation in connection with the Company s outsourcing initiatives.(3) On

a dollar basis comparison, the decrease in expenses in 2001 as compared to 2000 primarily is attributable to: (1) a decrease in costs related to an accrual in 2000 for an existing employment agreement; and (2) a decrease in personnel expense. The increase in expenses from 1999 to 2000 primarily was attributable to: (1) the 2000 expense accrual for an existing employment agreement; and (2) additional legal, accounting and professional consulting fees associated with the Company s investigation of strategic alternatives.

Interest Costs

The majority of Interest costs expensed of $5,050,510, $5,386,257, and $5,159,222, in 2001, 2000, and 1999, respectively, is related to debt on real estate. Interest costs decreased in 2001 primarily due to the sale of the Lithia Springs, Georgia manufacturing facility in April 2000. Interest costs increased in 2000 primarily due to the purchase of the Jacksonville, Florida shopping center. Interest costs of $199,000 were capitalized relating to properties under development in 1999. There was no capitalized interest in 2001 or 2000.

Financial Condition and Changes in Financial Condition

Income-producing properties decreased by $33,141,737 and Real estate held for future development or sale increased by $31,895,866, primarily due to the reclassification of the book values of the Company s shopping centers located in North Fort Myers, Florida, and Englewood, Florida, which are currently being marketed for sale. See ITEM 2. PROPERTIES.

Liquidity and Capital Resources

Except for certain real estate construction loans and occasional short-term operating loans, the Company normally has been able to finance its working capital needs through funds generated internally. If adequate funds are not generated through normal operations, the Company has available bank lines of credit. At April 30, 2001, the Company had unsecured committed lines of credit totaling $13,000,000, of which none was outstanding. Of this amount, $500,000 was reserved for the letter of credit issued for the Jackson, Michigan loan discussed below.

Working capital increased to $11,442,348 at the end of 2001, from $10,820,179 at the end of 2000. Operating activities provided cash of $6,358,367. Investing activities used cash of $309,902. Financing activities used cash of $1,868,689, primarily for debt repayments.

In 1992, the Company secured a construction loan for the property in North Fort Myers, Florida, from SunTrust Bank. The primary term of the construction financing was five years, and the loan has been extended to August 2002, in accordance with the loan agreement, as amended. The loan carries a floating interest rate of prime plus .375%. The maximum amount to be funded will be determined by a formula based on future development. As of April 30, 2001, the principal amount outstanding was $13,088,560. The Company is currently marketing this property for sale together with its Englewood, Florida shopping center. See ITEM 2. PROPERTIES. Although the Company has periodically received extensions on this loan, there can be no assurance it will be able to continue to do so. If the property were not sold prior to the loan maturity date, and if future extensions were not granted, it would be necessary for the Company to refinance the property and pay off this loan on or before its due date. There can be no assurance that sufficient proceeds from a sale or refinancing will be available to pay off the loan on or before its maturity. If it is successful in selling the property in North Fort Myers, the Company plans to use excess cash, if any, remaining after repaying the debt and selling expenses, for operating cash requirements and to pursue investment in other growth opportunities.

In August 1997, the Company refinanced a $2,100,000 construction loan on its Jackson, Michigan shopping center with a permanent loan for $3,500,000. The permanent loan had an original term of 22 years and bears interest at 8.625%. Certain provisions of the loan, as most recently amended in August 2000, required the establishment of a $500,000 letter of credit at closing which is to be used to pay down the loan in August 2001, if certain leasing requirements are not met. As of April 30, 2001, these requirements had not been met, and there can be no assurance that they will be met by August 2001, or that these provisions can again be amended to extend the date of compliance.

In October 1997, the Company entered into an acquisition and construction loan with SunTrust Bank to fund the purchase and redevelopment of the corporate headquarters building in Atlanta, Georgia. The loan had a balance at April 30, 2001, of $4,852,919, and has been extended to August 2002. There can be no assurance further extensions will be granted. The Company has the option of paying interest at the prime rate or based on the LIBOR rate plus 2.0%, which may be locked in for one, two, three, or six month periods, at the Company s discretion. The Company plans to refinance this loan prior to maturity; however, there can be no assurance that a refinancing will take place prior to the loan s due date.

In July 1999, in connection with the financing of the purchase of the Company s new shopping center in Jacksonville, Florida, the Company entered into a permanent mortgage loan in the amount of $9,500,000, which is secured by the center. The loan bears interest at 7.375% and is scheduled to be fully amortized over twenty years. The lender may call the loan at any time after September 1, 2002. If the loan were called, the Company would have up to thirteen months to repay the principal amount of the loan without penalty. In conjunction with the loan, an Additional Interest Agreement was executed which entitles the lender to be paid additional interest equal to fifty percent of the quarterly net cash flow and fifty percent of the appreciation in the property upon sale or refinance. The liability related to the lender s fifty percent share of the appreciation in the property was $2,331,705 at April 30, 2001.

In February 2000, the Company s Board of Directors authorized the repurchase of up to 200,000 shares of Common Stock during the twelve-month period beginning February 25, 2000, and ending February 24, 2001. In February 2001, the Company s Board approved another repurchase of up to 200,000 shares of the Company Stock to be completed between February 26, 2001, and February 25, 2002. Any such purchases, if made, could be in the open market at prevailing prices or in privately negotiated transactions. As of May 31, 2001, the Company had repurchased a total of 22,853 shares under the repurchase plans as approved. The Company financed the purchases with currently available cash and expects any future purchases to be made with available cash.

In May 2001, the Company acquired substantially all of the assets of an energy management and engineering services company, Servidyne Systems, Inc., and some intellectual and other intangible property assets of its affiliated company, Servidyne, Incorporated. The Company used currently available cash to purchase the assets for approximately $2.75 million.

The maturity date of the mortgage note payable on the shopping center in Englewood, Florida, which had a balance of $12,389,392 as of April 30, 2001, has been extended until August 1, 2002. The Company is currently marketing this property for sale together with its North Fort Myers, Florida shopping center. See Item 2. PROPERTIES. If the property were not sold prior to the loan maturity date, it would be necessary for the Company to refinance the property and pay off this loan on or before its due date. There can be no assurance that sufficient proceeds from a sale or refinancing will be available to pay off the loan on or before its maturity. If it is successful in selling the property in Englewood, the Company plans to use excess cash, if any, remaining after repaying the debt and selling expenses, for operating cash requirements and to pursue investment in other growth opportunities.

Effects of Inflation on Revenues and Operating Profits

The effects of inflation upon the Company s operating results are varied. Inflation in the current year has been modest and has had minimal effect on the Company. The Construction Segment subcontracts most of its work at fixed prices, which normally will help that segment protect its profit margin from erosion due to inflation.

In the Real Estate Segment, many of the anchor leases are long-term (original terms over 20 years) with fixed rents, except for contingent rent provisions by which the Company may earn additional rent as a result of increases in tenants sales. In many cases, however, the contingent rent provisions permit the tenant to offset against contingent rents any increases in ad valorem taxes over a specified amount. If inflation were to rise, ad valorem taxes would probably increase as well, which, in turn, would cause a decrease in the contingent rents. Furthermore, the Company has certain repair obligations, and the costs of repairs increase with inflation.

Inflation causes interest rates to rise, which has a positive effect on investment income, but has a negative effect on profit margins because of the increased costs of contracts and the increase in interest expense on variable rate loans. Overall, inflation will tend to limit the Company s markets and, in turn, will reduce revenues as well as operating profits and earnings.

Cautionary Statement Regarding
Forward-Looking Information

Certain statements contained or incorporated by reference in this Annual Report on Form 10-K, including without limitation, statements containing the words believes, anticipates, expects, and words of similar import, are forward-looking statements within the meaning of the federal securities laws. Such forward-looking statements involve known and unknown risks, uncertainties and other matters which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or uncertainties expressed or implied by such forward-looking statements. Many such risks, uncertainties and other matters are beyond the Company s control. They include, but are not limited to, the possibility of not achieving projected backlog revenues or not realizing earnings from such revenues, the potential impact of factors beyond the control of the Company on future revenues and costs related to the Construction Segment, the timing and amount of earnings recognition related to the possible sale of properties held for sale, the timing and amount of possible refinancings related to real estate properties, the level and volatility of interest rates, the potential loss of a significant customer, and the deterioration in the financial stability of an anchor tenant or material customer.

Consideration of Strategic Alternatives

The Company announced on June 8, 1999, that the Board of Directors had decided to investigate a wide range of possible strategic and financial alternatives available to maximize shareholder value. The investigation, which was completed in fiscal 2000, resulted in the discontinuance of the Company s manufacturing operations. See Discontinued Operations.

Also as a result of the investigation, the Company decided to outsource the asset and property management of the Company s commercial real estate assets to third parties. During the fiscal year ended April 30, 2001, the asset management activities were outsourced to jOjA Partners, LLC, a company newly formed by former executives of the Real Estate Segment. The property management activities were also outsourced in fiscal 2001, primarily to independent, third party managers. The Company plans to continue to own and invest in real estate.

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 financial statements reflect the operating results of this business as a discontinued operation, and prior year financial information has been appropriately restated. (See Note 3 to the Consolidated Financial Statements of the Company.) On February 2, 2000, the Company closed on the sale of the Manufacturing Segment s machinery, equipment, furniture, and raw materials inventory, for $2.2 million.

As of April 30, 2000, the Manufacturing Segment had ceased all operations and disposed of substantially all of its assets. The remaining assets and liabilities of the Manufacturing Segment were consolidated and presented as Net assets of discontinued operations on the Consolidated Balance Sheet at April 30, 2000. As of April 30, 2001, the $2.76 million deferred gain resulting from the eminent domain taking of the Company s former manufacturing facility in Atlanta, Georgia, is included in Net liabilities of discontinued operations on the Consolidated Balance Sheet. The amount of the condemnation award is currently under appeal by both parties, and the ultimate outcome remains unknown at this time. The Company recorded after tax earnings from discontinued operations of $299,847 in the fiscal year ended April 30, 2001.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company s major market risk exposure arises from changes in interest rates and its impact on variable rate debt instruments. In addition, the Company has interest rate risk associated with fixed rate debt at maturity. The Company s objectives in interest rate risk management are to limit the impact of interest rate changes on earnings and cash flows, and to lower overall borrowing costs. To achieve its objectives, the Company borrows at fixed rates when it believes it is in its best interests to do so, and may enter into derivative financial instruments, such as interest rate swaps and caps, in order to limit its exposure to interest rate fluctuations. The Company does not enter into derivative or interest rate transactions for speculative purposes. There were no derivative contracts in effect at April 30, 2001.

The following table summarizes information related to the Company s market risk sensitive debt instruments as of April 30, 2001:

	Expected Maturity Date Fiscal year ending April 30 (Dollars in Thousands)							
	2002	2003	2004	2005	2006	There-after	Total	Estimated Fair Value
Fixed rate debt	$1,033	13,126	7,420	770	834	10,766	33,949	34,596
Average interest rate	8.4%	8.0%	7.9%	8.0%	8.0%	8.0%	8.4%	
Variable rate debt (1)(2)	$ 677	17,264					17,941	17,941

(1) Interest on variable rate debt is based on the lender s prime rate, prime rate plus .375%, or LIBOR plus 2%.

(2) See Note 10 to the Consolidated Financial Statements for rates on individual variable rate debt instruments.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Consolidated Financial Statements

Report of Independent Accountants

To The Board of Directors and Shareholders
Abrams Industries, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders equity and cash flows present fairly, in all material respects, the financial position of Abrams Industries, Inc. and subsidiaries (the Company) at April 30, 2001, and 2000, and the results of their operations and their cash flows for each of the two years then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules at April 30, 2001, and 2000, present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements as of and for the years ended April 30, 2001, and 2000. These financial statements and financial statement schedules are the responsibility of the Company s management; our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Atlanta, Georgia
May 23, 2001

Independent Auditors Report

The Board of Directors and Shareholders
Abrams Industries, Inc.:

We have audited the accompanying consolidated financial statements of Abrams Industries, Inc. and subsidiaries (the Company) for the year ended April 30, 1999, as listed in the accompanying index. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedules for the year ended April 30, 1999, as listed in the accompanying index. These consolidated financial statements and schedules are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements and schedules based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Abrams Industries, Inc. and subsidiaries for the year ended April 30, 1999, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedules for the year ended April 30, 1999, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

Atlanta, Georgia
June 4, 1999

Consolidated Balance Sheets

	April 30,	
	2001	2000

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$11,448,750**	$7,268,974
Receivables:		
Trade accounts and notes, net of allowance for doubtful accounts of $43,567 in 2001 and $24,777 in 2000	**229,510**	150,944
Contracts, net of allowance for doubtful accounts of $917,894 in 2001 and $0 in 2000, including retained amounts of $5,173,520 in 2001 and $5,105,889 in 2000	**14,319,282**	19,880,333
Costs and earnings in excess of billings (Note 4)	**1,483,195**	2,319,102
Net assets of discontinued operations (Note 3)		1,423,593
Deferred income taxes (Note 11)	**786,460**	685,277
Other	**819,203**	572,244
Total current assets	**29,086,400**	32,300,467
INCOME-PRODUCING PROPERTIES, NET (Notes 7 and 9)	**26,712,359**	59,854,096
PROPERTY AND EQUIPMENT, NET (Note 8)	**1,422,405**	1,602,359
OTHER ASSETS:		
Real estate held for future development or sale (Note 6)	**36,100,308**	4,204,442
Other	**4,298,213**	4,884,503
	$97,619,685	$102,845,867
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Trade and subcontractors payables, including retained amounts of $1,942,732 in 2001 and $2,150,687 in 2000	**$8,803,760**	$13,373,742
Accrued expenses		

	2,332,906	4,015,373
Billings in excess of costs and earnings (Note 4)	**1,506,766**	1,289,114
Net liabilities of discontinued operations (Note 3)	**1,903,375**	
Accrued profit-sharing (Note 12)	**1,387,755**	1,438,884
Current maturities of long-term debt	**1,709,490**	1,363,175
Total current liabilities	**17,644,052**	21,480,288
DEFERRED INCOME TAXES (Note 11)	**3,372,824**	3,448,538
OTHER LIABILITIES	**3,916,647**	3,641,266
MORTGAGE NOTES PAYABLE, less current maturities (Note 9)	**32,915,932**	34,033,941
OTHER LONG-TERM DEBT, less current maturities (Note 10)	**17,264,687**	17,895,696
Total liabilities	**75,114,142**	80,499,729
COMMITMENTS AND CONTINGENCIES (Notes 6, 9 and 10)		
SHAREHOLDERS EQUITY (Note 13):		
Common stock, $1 par value; 5,000,000 shares authorized; 3,041,039 issued and 2,943,303 outstanding in 2001, 3,014,039 issued and 2,936,356 outstanding in 2000	**3,041,039**	3,014,039
Additional paid-in capital	**2,097,315**	2,019,690
Deferred stock compensation	**(75,094)**	
Retained earnings	**17,930,914**	17,724,960
Treasury stock, at cost, common shares, 97,736 in 2001 and 77,683 in 2000	**(488,631)**	(412,551)
Total shareholders equity		

	22,505,543	22,346,138
	$97,619,685	$102,845,867

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Operations

	Years Ended April 30,		
	2001	2000	1999
REVENUES:			
Construction	**$141,118,311**	$143,915,901	$159,273,393
Rental income	**12,956,875**	12,551,729	12,449,850
Real estate sales			17,665,456
Interest	**480,771**	372,524	421,315
Other	**51,030**	73,882	56,532
	154,606,987	174,579,492	172,201,090
COSTS AND EXPENSES:			
Construction	**131,821,216**	136,396,070	150,603,062
Rental property operating expenses, excluding interest	**7,254,186**	6,999,011	6,922,221
Cost of real estate sold			12,336,908
	139,075,402	155,731,989	157,525,283
Selling, general and administrative	**9,860,037**	9,597,295	9,458,766
Interest costs incurred, less interest capitalized of $0 in 2001 and 2000, and $199,000 in 1999			

	5,050,510	5,386,257	5,159,222
	153,985,949	170,715,541	172,143,271
EARNINGS BEFORE INCOME TAXES	**621,038**	3,863,951	57,819
INCOME TAX EXPENSE (BENEFIT) (Note 11):			
Current	**421,610**	1,166,553	71,237
Deferred	**(176,897)**	330,208	26,181
	244,713	1,496,761	97,418
EARNINGS (LOSS) FROM CONTINUING OPERATIONS	**376,325**	2,367,190	(39,599)
DISCONTINUED OPERATIONS (Note 3):			
Earnings (loss) from discontinued operations, adjusted for applicable income tax expense (benefit) of $184,000 in 2001, $(979,455) in 2000, and $(385,006) in 1999	**299,847**	(1,636,233)	(636,432)
Loss on sale of assets of discontinued operations, adjusted for applicable income tax benefit of $576,171		(976,099)	
EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS	**299,847**	(2,612,332)	(636,432)
EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEM	**676,172**	(245,142)	(676,031)

Extraordinary loss from early extinguishment of debt, adjusted for applicable income tax benefit of $129,607 (Note 8)			(211,463)
NET EARNINGS (LOSS)	**$676,172**	$(456,605)	$(676,031)
NET EARNINGS (LOSS) PER SHARE (Note 14):			
From continuing operations basic and diluted	**$.13**	$.80	$(.01)
From discontinued operations basic and diluted	**.10**	(.89)	(.22)
From extraordinary loss from early extinguishment of debt basic and diluted			(.07)
Net earnings (loss) per share basic and diluted	**$.23**	$(.16)	$(.23)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders Equity

	Common Stock Share	Common Stock Amount	Additional Paid-in Capital	Deferred Stock Compensation	Retained Earnings	Treasury Stock	To
NCES at April 30, 1998	3,014,039	$3,014,039	$2,019,690	$	$19,914,685	$(412,551)	$24,5
s					(676,031)		(676,031)
vidends declared - r share					(587,272)		(587,272)

NCES at April 30, 1999
3,014,0393,014,0392,019,690 18,651,382(412,551)23,272,560
s
(456,605) (456,605)
vidends declared-
r share
(469,817) (469,817)

NCES at April 30, 2000
3,014,0393,014,0392,019,690 17,724,960(412,551)22,346,138
on stock issued
27,00027,00077,625(104,625)
on stock acquired
(76,080)(76,080)
ompensation expense
29,531 29,531
ome
676,172 676,172
vidends declared -
r share
(470,218) (470,218)

NCES at
0, 2001
3,041,039$3,041,039$2,097,315$(75,094)$17,930,914$(488,631)$22,505,543

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Years Ended April 30,		
	2001	2000	1999
Cash flows from operating activities:			
Net earnings (loss)	**$676,172**	$(456,605)	$(676,031)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	**2,761,764**	3,067,959	3,123,369
Deferred tax expense (benefit)	**(176,897)**	286,337	(79,548)
Provision for doubtful accounts	**936,684**	(22,619)	(12,474)
Gain on sales of real estate and property and equipment		(4,987,478)	(25,847)
Earnings (loss) from discontinued operations	**(299,847)**	2,612,332	
Changes in assets and liabilities:			
Receivables, net	**4,512,394**	8,177,387	(10,112,646