

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000743475-94-000014**

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FILER

TURNER CORP

CIK: **743475** | IRS No.: **133209884** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-08719** | Film No.: **94527816**
SIC: **1540** General bldg contractors - nonresidential bldgs

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1994 Commission File Number 1-
8719

THE TURNER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

13-3209884

(State or other jurisdiction of (I.R.S. Employer
Id. No.)
incorporation or organization)

375 Hudson Street New York, New York 10014

(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code
(212) 229-6000

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, and (2) has been subject to such filing requirements
for the past 90 days. Yes X No .

Indicate the number of shares outstanding of each of the
issuer's classes of common stock, as of May 9, 1994:
5,120,940.

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Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Company or group of companies for which report is filed:

THE TURNER CORPORATION AND CONSOLIDATED SUBSIDIARIES

The consolidated balance sheet as of March 31, 1994, the consolidated statements of operations and retained earnings and the consolidated statements of cash flows for the three months ended March 31, 1994 and 1993 are unaudited, but, in the opinion of the company's management reflect all adjustments, consisting only of normal recurring adjustments, which are necessary to present fairly the financial condition and results of operations at those dates and for those periods. The results of operations for any three month period is not necessarily indicative of results for a full year. It is suggested that these financial statements be read in conjunction with the audited financial statements and notes thereto included in the company's latest annual report.

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THE TURNER CORPORATION
AND SUBSIDIARIES

CONSOLIDATED BALANCE
SHEET

March 31, 1994

WITH COMPARATIVE FIGURES
FOR DECEMBER 31, 1993
(in thousands except
share amounts)

Assets	(unaudited)		Liabilities	(unaudited)		
	March 31, 1994	December 31, 1993	<S>	<C>	March 31, 1994	December 31, 1993
Cash and cash equivalents	\$ 28,256	\$25,485	Construction accounts payable:		\$215,408	\$239,156
Marketable Securities	4,264	13,046	Trade		112,807	117,647
Construction receivables:			Due on completion of contracts		68,187	78,495
Due on contracts including retainage	319,738	315,741	Accrued estimated work completed			
Estimated unbilled construction costs and related earnings	71,725	83,135	Notes payable and convertible debenture		127,405	102,365
Real Estate	116,076	117,275	Deferred income taxes		13,590	13,708
Property and equipment, net	18,594	17,725	Other liabilities		56,578	58,152
Prepaid pension cost	65,582	63,207	Total liabilities		593,975	609,523
Other assets	25,491	28,592	Stockholders' Equity:			
			Series C, cumulative convertible preferred stock, \$1 par value		9	9
			Series B, cumulative convertible, preferred stock, \$1 par		849	849

Total assets	\$649,726	\$664,206	value		
			Common stock, \$1 par value	5,163	5,135
			Paid in capital	37,504	37,280
			Net unrealized loss on marketable securities	(130)	-
			Cumulative foreign translation adjustment	(787)	(787)
			Retained earnings	25,436	24,834
				68,044	67,320
			Less: Loan to Employee stock ownership plan	(11,761)	(12,105)
			Treasury stock, at cost	(532)	(532)
			Total stockholders' equity	55,751	54,683
			Total liabilities and stockholders' equity	\$649,726	\$664,206

See Notes to Consolidated Financial Statements

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THE TURNER CORPORATION AND
SUBSIDIARIES
CONSOLIDATED STATEMENTS of
OPERATIONS AND RETAINED EARNINGS
(in thousands, except share
amounts)

	(unaudited)	
)	
	Three	
	Months	
	Ended	
	March 31,	
	1994	1993
Value of construction completed	\$592,390	\$580,941
Earnings from construction contracts	15,516	16,660
Losses from real estate operations	(787)	(902)
Gross earnings	14,729	15,758
Operating expense - construction	9,358	9,986
Operating expense - real estate & other	824	782
General & administrative expense	3,105	2,976
	13,287	13,744
Other income (loss), net	(320)	(310)
Income before taxes on income	1,122	1,704
Provision for income taxes	63	758
Net Income	1,059	946
Dividends on preferred stock	-457	(465)
Net Income available for common shareholders	602	481
Retained earnings, beginning of period	24,834	32,869
Less common dividends paid	-	-
Retained earnings, end of period	\$25,436	\$33,350

Earnings per common share:		
Primary	\$0.12	\$0.09
Fully diluted	\$0.10	\$0.08
Weighted average common shares outstanding		
Primary	5,159,632	5,147,004
Fully diluted	6,016,534	6,016,940

See Notes to Consolidated
Financial Statements

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The Turner Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands, except share amounts)

	(Unaudited)	
	Three	
	Months	
	Ended March	
	31,	
	1994	1993
Cash flows from operating activities:		
Net income	\$1,059	\$946
Adjustments to reconcile net income to net cash flows from operating activities:		
Equity in affiliates' net loss	606	686
Depreciation and amortization	2,420	2,067
Pension credit	(2,375)	(2,663)
Changes in operating assets and liabilities:		
Decrease in restructuring reserve	(297)	0
Decrease in construction receivables	7,413	37,445
Decrease in construction accounts payable	(38,897)	(54,258)
Decrease (increase) in other assets and liabilities, net	492	(1,842)
Net cash used in operating activities	(29,579)	(17,619)
Cash flows from investing activities:		
Sale of marketable securities	8,565	0
Proceeds from sale of real estate, net	415	14,638
Decrease (increase) in real estate	(663)	2,489
Purchases of property and equipment	(999)	(1,333)
Proceeds from sale of property & equipment	47	590
Net cash provided by (used in) investing activities	7,365	16,384
Cash flows from financing activities:		
Common stock issued	252	287
Cash dividends to preferred shareholders	(650)	(650)
Repayments from loan to Employee Stock Ownership Plan	344	332
Proceeds from borrowing	33,060	28,581
Payments on borrowing	(8,021)	(23,550)
Proceeds from issuance of treasury stock	0	33
Net cash (used in) provided by financing activities	24,985	5,033

Net increase (decrease) in cash and cash equivalents	2,771	3,798
Cash and cash equivalents at beginning of period	25,485	38,305
Cash and cash equivalents at end of period	\$28,256	\$42,103

Noncash investing activities:

In 1994, the company recorded a net unrealized loss on marketable securities of \$130.

See Notes to Consolidated Financial Statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share amounts)

1. Value of construction completed represents construction costs incurred and earnings during the year as follows:

Three Months

Ending	March	
31,	1994	1993
Revenue from construction contracts		
Construction costs incurred by the company	\$388,875	\$389,448
Company's share of joint venture construction costs	38,751	38,709
Earnings from construction contracts	15,516	16,660
Total revenue from construction contracts	443,142	444,816
Construction costs incurred by owners in connection with work under construction management and similar contracts	149,248	136,125
Value of construction completed	\$592,390	\$580,941

2. Losses from real estate operations consist of revenues and related costs as follows:

Three Months

Ending	March	
31	1994	1993
Real estate sales	\$ 565	\$14,638
Costs of sales	(565)	(14,638)
Rental income	2,965	3,643
Direct cost of real estate operations	(3,752)	(4,545)
Losses from real estate operations	\$ (787)	\$ (902)

3. Interest costs incurred and expensed for the three months ended March 31, 1994 and 1993 were \$1,835 and \$1,774, respectively.

4. Effective January 1, 1994, the company adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Under SFAS No. 115 Debt and Equity Securities not classified as either held-to-maturity securities or trading securities are classified as available-for-sale securities and reported at fair value, with unrealized gains and losses excluded from earnings

and reported as a separate component of Stockholders equity.

During the first three months of 1994, the company charged \$130,000 of unrealized losses to Stockholders equity.

5. Effective January 1, 1994, the company adopted Statement of Financial Accounting Standards (SFAS) No. 112 "Employers Accounting for Postemployment Benefits." Under SFAS No. 112 an accrual must be made for all types of postemployment benefits provided to former or inactive employees, their beneficiaries and covered dependents after employment, but before retirement. The impact of the adoption of SFAS has not been material to the consolidated financial statements.

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Item 2. Management's Discussion & Analysis of Financial Condition and Results of Operations

Results of operations in the nine months ended March 31, 1994 produced net income of \$1.0 million compared to net income of \$946,000 for the corresponding period of 1993. This change in net income from the prior year is discussed below.

Value of construction completed for the three months ended March 31, 1994, increased by 2.0% from the level recorded during the corresponding period in 1993 to \$592 million. Earnings from construction contracts decreased 6.9% from the prior year level to \$15.5 million. Construction earnings for the three months ended March 31, 1994 includes an increase in construction management activity which traditionally carries a lower fee.

Losses from real estate operations for the three months ended March 31, 1994 decreased 12.7% to \$787,000 from the corresponding period in 1993. This decrease is primarily the result of reduced property management expenses resulting from the sale of properties in 1993.

Operating and general and administrative expenses during the three months ended March 31, 1994, decreased overall by 3.3% from the corresponding period of 1993 to \$13.3 million due to the company's continued overhead reduction program which was begun in prior years. In addition, the company reduced expenses by \$300,000 from the same period last year as a result of the restructuring program that was reserved for in 1993. The reduction was reflected in construction operations. The cost associated with the restructuring actions taken in the first quarter were charged to the restructuring reserve and consisted primarily of salary and benefit continuation costs.

Other income for the three months ended March 31, 1994 amounted to a loss of \$320,000 mostly due to losses in overseas operations as a result of soft market conditions.

The construction industry in the United States has continued to experience spotty economic recovery. Additionally, the present soft economic conditions in Western Europe have reduced opportunities in that area for the company's Turner Steiner venture. To moderate the impact of these developments, the company is successfully increasing its overall market share by acquiring increased new business in construction sectors less affected by the

cyclical economic decline. The company is also continuing its efforts to reduce expenses in both the construction and real estate operations.

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At March 31, 1994, the company's backlog of value of construction to be completed was \$4.82 billion and anticipated earnings associated with backlog from construction contracts was \$97.0 million, compared to \$4.66 billion and \$91.8 million respectively, as of December 31, 1993. Estimated earnings from construction contracts cannot and should not be used as the basis of predictions with respect to future net income.

Because of the constantly changing proportion of construction management contracts, consulting work, construction contract types (cost plus percentage fee, cost plus fixed fee, guaranteed total and lump sum), and other factors, the relationship of value of work completed and earnings from construction contracts is not necessarily meaningful in the short run.

The company's cash flow for the three months ended March 31, 1994 resulted in a net increase of funds of \$2.8 million. Cash flows used in operating activities amounted to \$29.6 million due primarily to the payment of trade payables. Cash flows from investing activities amounted to \$7.3 million which is principally the result of the sale of marketable securities. Cash flows provided by financing activities amounted to \$25.0 million primarily due to increased borrowings on existing credit facilities. The company's management believes that the company's financial condition and available credit facilities at March 31, 1994 are sufficient to support the present and prospective levels of the company's operations.

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Part II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit 11 - Computation of Earnings Per Share for the nine months ended September 30, 1993 and 1992.
- (b) During the nine months ended September 30, 1993 no Form 8-K was required to be filed reporting any material or unusual charges or credits to income, or any change in independent accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

THE TURNER CORPORATION

(Registrant)

Date: May 13, 1994

H. J. Parmelee
(Signature)

H. J. Parmelee
President

Date: May 13, 1994

D.J. Smith
(Signature)

D.J. Smith
Senior Vice President

and

Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

THE TURNER CORPORATION
(Registrant)

Date: May 13, 1994

(Signature)

H. J. Parmelee
President

Date: May 13, 1994

(Signature)

D.J. Smith
Senior Vice President

and

Chief Financial Officer

THE TURNER CORPORATION
AND ITS SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
"(in thousands, except per share amounts)"
<TABLE>

"March 31,"

	1994	1993		
<S>			<C>	<C>
PRIMARY				
Weighted average common shares outstanding			"5,103 "	"5,072 "
Common stock equivalents (assuming the use of the proceeds from their exercise or issuance to acquire treasury stock using the average quarterly market price) granted under employee stock option and stock purchase plans	57	75		
Weighted average common and common equivalent shares outstanding			"5,160"	"5,147"
Earnings available to common shareholders less dividends				
" on preferred stock, net of tax"	\$602	\$481		
Earnings per common share	\$0.12	\$0.09		
FULLY DILUTED				
Weighted average shares outstanding used in the computation of primary earnings per share	"5,103 "	"5,072 "		
Common stock equivalents (assuming the use of the proceeds from their exercise or issuance to acquire treasury stock using the quarter ended market price or average quarterly price if higher) granted under employee stock option and stock purchase plans	57	75		
Conversion of convertible preferred stock to common stock	849	849		
Stock option equivalent shares	8	20		
Weighted average common and common equivalent shares outstanding			"6,017"	"6,016"
" on preferred stock, net of tax"	\$602	\$481		"Earnings available for common shareholders less di
Earnings per share	\$0.10	\$0.08		

See Notes to Consolidated Financial Statements

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