FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended March 31, 1995

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from ------------------ to -------------------

Commission File Number 1-8325

THE L. E. MYERS CO. GROUP
(Exact name of registrant as specified in its charter)

Delaware	36-3158643
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2550 W. Golf Road, Suite 200 Rolling Meadows, Illinois 60008
(Address of principal executive offices)
(Zip Code)

(708) 290-1891
Registrant's telephone number, include area code

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 and 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
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APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 11, 1995: 2,379,656

THE L. E. MYERS CO. GROUP

I N D E X

Part I, Item 1
Financial
Information

THE L.E. MYERS CO. GROUP

CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	March 31 1995	Dec. 31 1994
	(Unaudited)	*
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,275	$ 6,115
Contract receivables including retainage	41,774	12,687
Costs and estimated earnings in excess of billings on uncompleted contracts	8,415	1,408
Deferred income taxes	3,192	1,622
Other current assets	2,992	532
Total current assets	57,648	22,364
Property and equipment:	60,386	50,515
Less accumulated depreciation	37,118	35,863
	23,268	14,652
Intangible assets	1,253	368
Other assets	2,824	2,260

Total assets	$ 84,993	$ 39,644
LIABILITIES		
Current Liabilities:		
Current maturities of long-term debt	$ 6,054	$ 507
Accounts payable	11,522	3,069
Billings in excess of costs and estimated earnings on uncompleted contracts	6,542	783
Accrued insurance	7,731	4,415
Other current liabilities	10,662	4,995
Total current liabilities	42,511	13,769
Deferred income taxes	2,221	1,257
Other liabilities	670	278
Long-term debt:		
Revolver and other debt	2,224	318
Term loan	6,875	0
Industrial revenue bond	1,070	0
Subordinated convertible debentures	5,680	0
Total long-term debt	15,849	318
SHAREHOLDERS' EQUITY		
Common stock and additional paid-in capital	9,269	9,269
Retained earnings	16,592	16,472
Treasury stock	(1,643)	(1,643)
Shareholders' notes receivable	(476)	(476)
Total shareholders' equity	23,742	23,622
Total liabilities and shareholders' equity	$ 84,993	$ 39,644

*Condensed from audited financial statements

The "Notes to Condensed Consolidated Financial Statements" are an integral part of this statement.

THE L.E. MYERS CO. GROUP

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands except per share amounts)
(Unaudited)

THREE MONTHS ENDED MARCH 31	1995	1994
Contract revenue	$ 56,051	$ 21,548
Contract cost	49,398	19,092
Gross profit	6,653	2,456
Selling, general and administrative expenses	5,713	2,323
Income from operations	940	133
Other income (expense)		
Interest income	22	45
Interest expense	(465)	(37)
Miscellaneous	(77)	(99)
Income before taxes	420	42
Income tax expense	168	16
Net income	$ 252	$ 26
Earnings per share	$ .10	$ .01

Dividends per common share	$ .055	$ .055
Weighted average common shares and Common share equivalents outstanding	2,533	2,503

The "Notes to Condensed Consolidated Financial Statements" are an integral part of this statement.

THE L.E. MYERS CO. GROUP

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands)
(Unaudited)

THREE MONTHS ENDED MARCH 31	1995	1994
CASH FLOWS FROM OPERATIONS		
Net income	$ 252	$ 26
Adjustments to reconcile net income to cash flows from operations		
Depreciation and amortization	1,408	687
Amortization of intangibles	75	65
Gain from disposition of assets	(27)	0
Changes in current assets and liabilities	1,448	143
Cash flows from operations	3,156	635
CASH FLOWS FROM INVESTMENTS		
Expenditures for property and equipment	(477)	(791)
Proceeds from disposition of assets	38	0
Cash used in acquisition, net of cash acquired	(12,995)	0
Cash flows from investments	(13,434)	(791)
CASH FLOWS FROM FINANCING		
Repayments of long term debt	(13,950)	(316)
Proceeds from issuance of debt	19,500	0
Purchase of treasury stock	0	(60)
Decrease in deferred compensation	(8)	(9)
Increase (decrease) in other assets	28	(1)
Dividends paid	(132)	(132)
Cash flows from financing	5,438	(518)
Decrease in cash and cash equivalents	(4,840)	(674)
Cash and cash equivalents at beginning of year	6,115	5,698
Cash and cash equivalents at end of period	$ 1,275	$ 5,024

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1 - BASIS OF PRESENTATION

The condensed consolidated balance sheet, statement of operations and statement of cash flows include the accounts of the Company and its continuing subsidiaries. All material intercompany balances and transactions have been eliminated.

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of results for the interim period.

The results of operations for the three month period ended March 31, 1995 are not necessarily indicative of the results to be expected for the full year.

2 - ACQUISITION OF HARLAN ELECTRIC CO.

Effective as of January 3, 1995, the Company acquired all the stock of Harlan Electric Company ("Harlan"). Harlan and its wholly-owned subsidiaries, Sturgeon Electric Company, Inc. and Power Piping Company, are engaged primarily in the installation and maintenance of electrical equipment and lighting systems for commercial, industrial and electrical utility customers and in the erection and maintenance of high and low pressure piping systems for electrical utilities and steel industry customers.

All the shares of Harlan were exchanged for $13,612,000 in cash and $5,679,000 of 7% convertible subordinated notes. The principal of each note will be due in three equal installments on January 3, 2000, 2001 and 2002, with interest payable semiannually each year. The notes are convertible into 450,000 shares of Myers common stock at a price per share of $12.62. Myers also refinanced $8,756,000 of Harlan debt. The transaction was financed through cash on hand and borrowings under a new $25,000,000 revolving and term credit facility with Harris Trust and Savings Bank and Comerica Bank. The transaction has been accounted for using the purchase method of accounting and the results of operations of Harlan have been included in the Company's consolidated financial statements since the effective date.

The following unaudited pro forma summary presents the consolidated results of continuing operations for the quarter ended March 31, 1994 as if the acquisition had occured January 1, 1994 and does not purport to be indicative of what would have occurred had the acquisition actually been made as of January 1, 1994 or of results which may occur in the future (in thousands, except per share amounts).

	1994
Contract revenue	$ 55,989
Income	231
Income per share	.09

Adjustments made in arriving at pro forma unaudited results of operations include increased interest expense on acquisition debt, amortization of goodwill and related tax adjustments.

3 - CONTINGENCIES

The Company has been involved in two lawsuits as a result of errors in the design of four transmission towers by the Company's former engineering subsidiary for City Utilities Commission of Owensboro, Kentucky (OMU). The engineering subsidiary has been sold but the Company retained the rights and obligations related to these lawsuits as part of the sale agreement.

One lawsuit (the Kentucky lawsuit) alleged that the engineering subsidiary negligently designed and engineered the towers, and that OMU incurred damages as a result of the redesign and replacement of the four towers. During 1993, OMU agreed to a settlement of the case pursuant to which it accepted payment of $1.3 million from the Company.

The other lawsuit (the New York lawsuit) concerns the insurance coverage of the engineering subsidiary related to the design errors. The Company notified its primary and excess umbrella insurance carriers at the time of the discovery of the design errors. The Company's excess umbrella carrier denied insurance coverage for the damages above the primary carrier's policy limits and filed an action against the Company seeking a declaratory judgement that the umbrella insurance coverage did not apply to the loss on several theories. The Company counterclaimed against the umbrella carrier and, in addition, in a third party action, brought suit against three former insurance brokers which had procured the insurance for the Company. The Company is seeking to recover $550,000 of unreimbursed costs it incurred in the disassembly, redesign and replacement of the towers, the amount of payments it made to OMU, the legal and related expenses it incurred in the Kentucky lawsuit, legal and related expenses it has and will incur in the New York lawsuit, and interest.

The approximately $550,000 of unreimbursed costs as well as the $1.3 million paid to OMU during 1993 is recorded on the Company's books as a non-current asset. Management is of the opinion that the amounts so recorded will be recovered in the New York lawsuit from its excess umbrella insurance carrier and its brokers, individually or collectively.

The Company is also involved in various other legal matters which arise in the ordinary course of business, none of which is expected to have a material adverse effect.

4 - EARNINGS PER SHARE

Earnings per share are based on the weighted average number of common shares and common share equivalents outstanding during the period. Stock options are considered to be common share equivalents.

5 - SUPPLEMENTAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED)
(Dollars in thousands, except per share amounts)

	1995	1994				
	MAR 31.	MAR. 31	JUNE 30	SEPT. 30	DEC. 31	YEAR
Contract Revenue	56,051	21,548	22,243	21,675	21,376	88,842
Gross Profit	6,653	2,456	3,316	3,072	3,453	12,297
Income from Continuing Operations	252	26	742	759	802	2,329
Net Income	252	26	742	759	652	2,179
Income Per Share:						
Continuing Operations	.10	.01	.30	.30	.32	.93
Net Income	.10	.01	.30	.30	.26	.87

Dividends Paid Per Share	.05-1/2	.05-1/2	.05-1/2	.05-1/2	.05-1/2	.22
Market Price:						
High	12-7/8	12	12-1/4	13-5/8	12-3/4	13-5/8
Low	10-5/8	10-3/8	10-3/8	9-3/4	10-3/4	9-3/4

Part I

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 1995

RESULTS OF OPERATIONS

Effective as of January 3, 1995, the Company acquired all the stock of Harlan Electric Company ("Harlan"). Harlan and its wholly-owned subsidiaries, Sturgeon Electric Company, Inc. and Power Piping Company, are engaged primarily in the installation and maintenance of electrical equipment and lighting systems for commercial, industrial and electrical utility customers and in the erection and maintenance of high and low pressure piping systems for electrical utilities and steel industry customers. (See Note 2 to Consolidated Financial Statements).

The Company reported net income for the three months ended March 31, 1995 of $252,000 or $.10 per share, which compares to $26,000 or $.01 per share in 1994.

Revenues for the quarter were $56,051,000 versus $21,548,000 in 1994. Gross profit for 1995 was $6,653,000 or 11.9% compared to $2,456,000 or 11.4% in 1994. Harlan's contribution to 1995 revenues and gross profits account for most of the growth compared to 1994.

Revenue and gross profit comparisons from quarter to quarter and comparable quarters of different periods may be impacted by variables beyond the control of the Company due to the nature of the Company's work as an outside electrical contractor. Such variables include unusual or unseasonal weather and delays in receipt of construction materials which are typically procured by the Company's clients. The seasonal nature of outside electrical construction typically results in lower revenues and lower margins in the first quarter when compared to other quarters. As a general rule, the better construction weather in the second, third and fourth quarters usually results in higher revenues and margins from those quarters. Competitive bidding pressures may cause these general trends to vary. Additionally, since the company's revenues are derived principally from providing construction labor services, insurance costs, particularly for workers compensation, are a significant factor in the Company's contract cost structure. Fluctuations in insurance reserves for claims under the retrospective rated insurance programs can have significant impact on gross margins, either upward or downward, in the period in which such insurance reserve adjustments are made.

Selling, general and administrative expenses were $5,713,000 in 1995 compared to $2,323,000 in 1994. This represents 10.2% and 10.8% of consolidated revenues for 1995 and 1994, respectively. Harlan accounts for most of the increase over 1994.

The Company's backlog at March 31, 1995 is $62,500,000 compared to $28,200,000 at December 31, 1994 and $25,411,000 at March 31, 1994. Substantially all of the current backlog will be completed within twelve months and by December 31, 1995. Harlan accounts for a majority of the increase in the backlog from the prior year.

LIQUIDITY AND CAPITAL RESOURCES

On January 3, 1995, the Company borrowed $10,000,000 under a new term loan agreement and $9,500,000 under a $15,000,000 bank revolving line of credit to finance the Harlan acquisition and pay off Harlan's line of credit balance. The Company also issued $5,680,000 of subordinated convertible debentures to some of Harlan's former shareholders in the acquisition. The term loan is due in quarterly payments of $625,000 over four years and the revolving line of credit expires on December 31, 1998. The subordinated convertible debentures are to be paid in three equal installments in years 2000, 2001 and 2002. The Company has outstanding letters of credit with the bank totaling $6,894,000 which guarantee the Company's payment obligation under its insurance programs. The Company anticipates that its line

of credit, cash balances and internally generated cash flows will be sufficient to fund operations, capital expenditures and debt service requirements for the next twelve months. The Company is also confident that its financial condition will allow it to meet long-term capital requirements.

A quarterly dividend of $.055 per share was paid on March 15, 1995. The Company has increased the dividend to $.0625 per share for the next dividend, payable on June 15, 1995 to shareholders of record on June 1, 1995.

The Company's cash decreased $4,840,000 for the quarter. Cash provided by operations was $3,156,000. Cash used in the acquisition of Harlan was $12,995,000 and cash used for capital expenditures was $439,000. Cash provided from financing was $5,438,000.

The Company's current ratio is 1.3:1 at March 31, 1995 compared to 1.6:1 at December 31, 1994.

Capital acquisitions for 1995 totalled $477,000. The Company anticipates acquiring a total of approximately $3,900,000 of capital assets in 1995.

PART II

Item 1. Legal Proceedings

There were no material developments during the quarter related to legal proceedings previously reported by the Company.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits filed herewith are listed in the Exhibit Index filed as a part hereof and incorporated herein by reference.

b. A report on Form 8-K was filed by the Company on January 18, 1995 announcing the acquisition of Harlan. The report also included the audited financial statements of Harlan as of September 30, 1994 and pro forma financial information.

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 L. E. Myers Co. Group

Date: May 12, 1995 By: ______________________________

Elliott C. Robbins, Sr. Vice President,
Treasurer, and Chief Financial Officer
(duly authorized representative of registrant and
principal financial officer)

THE L.E. MYERS CO. GROUP
QUARTERLY REPORT ON FORM 10Q
FOR THE QUARTER ENDED MARCH 31, 1995

Exhibit Index

THE L.E. MYERS CO. GROUP

EXHIBIT 11

SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE
(In thousands, except per share data)

PERIOD ENDED MARCH 31	THREE MONTHS	
	1995	1994
Net income	$ 252	$ 26
Weighted average number of common shares outstanding during the period	2,379	2,393
Add - common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of the common stock equivalents	154	110
Weighted average number of shares for income per common share	2,533	2,503
Income per common share	$ .10	$ .01

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