Primoris Services CORP
Form 10-Q
November 09, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2010

OR

o 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 0001-34145

Primoris Services Corporation

(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**20-4743916** (I.R.S. Employer Identification No.)
26000 Commercentre Drive, Lake Forest, California (Address of Principal Executive Offices)	**92630** (Zip Code)

Registrant s telephone number, including area code: **(949) 598-9242**

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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o Do not check if a smaller reporting company.	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

At November 5, 2010, 47,753,891 shares of the registrant s common stock were outstanding.

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PRIMORIS SERVICES CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PRIMORIS SERVICES CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share Amounts)

(Unaudited)

	September 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 81,594	$ 90,004
Short term investments	26,000	30,058
Customer retention deposits	9,178	6,845
Accounts receivable, net	148,981	108,492
Costs and estimated earnings in excess of billings	23,299	11,378
Inventory	22,618	22,275
Deferred tax assets	6,068	5,630
Prepaid expenses and other current assets	9,521	5,501
Current assets from discontinued operations		5,304
Total current assets	327,259	285,487
Property and equipment, net	96,818	92,568
Investment in non-consolidated entities	19,274	5,599
Intangible assets, net	28,404	32,695
Goodwill	61,713	59,678
Total assets	$ 533,468	$ 476,027
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 76,814	$ 62,568
Billings in excess of costs and estimated earnings	122,311	114,035
Accrued expenses and other current liabilities	39,205	34,992
Distributions and dividends payable	1,173	2,987
Current portion of long-term debt	8,894	6,482
Current portion of capital leases	3,153	4,220
Current portion of subordinated debt	23,952	10,397
Current liabilities of discontinued operations	733	6,511
Total current liabilities	276,235	242,192
Long-term debt, net of current portion	36,665	26,368
Long-term capital leases, net of current portion	5,948	7,734
Long-term subordinated debt, net of current portion	19,164	43,853
Deferred tax liabilities	1,483	2,643
Contingent earnout liabilities	10,243	9,278
Other long-term liabilities	3,985	

Total liabilities		353,723		332,068
Commitments and contingencies				
Stockholders equity				
Preferred stock $.0001 par value, 1,000,000 shares authorized, none issued and outstanding at September 30, 2010 and 81,852.78 at December 31, 2009				
Common stock $.0001 par value, 90,000,000 shares authorized, 46,980,765 and 32,704,903 issued and outstanding at September 30, 2010 and December 31, 2009		5		3
Additional paid-in capital		118,779		100,644
Retained earnings		60,961		42,982
Accumulated other comprehensive income				330
Total stockholders equity		179,745		143,959
Total liabilities and stockholders equity	$	533,468	$	476,027

See Accompanying Notes to Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Amounts)

(Unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Revenues	$ 230,357	$ 106,611	$ 608,526	$ 349,771
Cost of revenues	202,477	86,457	529,537	294,368
Gross profit	27,880	20,154	78,989	55,403
Selling, general and administrative expenses	14,580	7,266	43,849	22,825
Operating income	13,300	12,888	35,140	32,578
Other income (expense):				
Income from non-consolidated entities	1,366	1,439	4,090	5,342
Foreign exchange gain (loss)	80	(170)	266	33
Other expense	(333)		(964)	
Interest income	151	90	484	554
Interest expense	(1,345)	(398)	(3,872)	(1,463)
Income from continuing operations, before provision for income taxes	13,219	13,849	35,144	37,044
Provision for taxes	(5,642)	(5,123)	(13,782)	(14,077)
Income from continuing operations	7,577	8,726	21,362	22,967
Loss on discontinued operations, net of income taxes		(779)		(800)
Net income	$ 7,577	$ 7,947	$ 21,362	$ 22,167
Earnings per share:				
Basic:				
Income from continuing operations	$ 0.17	$ 0.27	$ 0.53	$ 0.72
Loss on discontinued operations	$	$ (0.03)	$	$ (0.02)
Net income	$ 0.17	$ 0.24	$ 0.53	$ 0.70
Diluted:				
Income from continuing operations	$ 0.17	$ 0.26	$ 0.47	$ 0.69
Loss on discontinued operations	$	$ (0.03)	$	$ (0.02)
Net income	$ 0.17	$ 0.23	$ 0.47	$ 0.67
Weighted average common shares outstanding:				
Basic	44,887	32,477	40,499	31,699
Diluted	45,528	34,048	45,486	33,128

See Accompanying Notes to Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(In Thousands, Except Share Amounts)

(Unaudited)

	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid-in Capital	Retained Earnings	Accum. Other Comprehensive Income	Total Stockholders Equity
Balance, December 31, 2008	29,977,339	$ 3		$	$ 34,796	$ 20,528	$ 103	$ 55,430
Net income						25,912		25,912
Issuance of common shares to Former Primoris owners	2,500,025							
Stock issued for the purchase of Cravens Services, Inc.	139,082				1,000			1,000
Repurchase of warrants					(94)			(94)
Dividends common						(3,254)		(3,254)
Dividends preferred						(204)		(204)
Foreign currency hedge effect							227	227
Preferred stock issued for purchase of James Construction Group			81,852.78		64,500			64,500
Warrant exercises	88,457				442			442
Balance, December 31, 2009	32,704,903	$ 3	81,852.78	$	$ 100,644	$ 42,982	$ 330	$ 143,959
Net income						6,698		6,698
Issuance of common shares to Former Primoris owners	2,499,975				390			390
Additional contingent stock issued for the purchase of Cravens Services, Inc.	74,906				600			600
Dividends common						(898)		(898)
Dividends preferred						(205)		(205)
Foreign currency hedge effect							(178)	(178)
Warrant exercises	620,699				3,104			3,104
Balance, March 31, 2010	35,900,483	$ 3	81,852.78	$	$ 104,738	$ 48,577	$ 152	$ 153,470
Net income						7,087		7,087
Cancelled shares foreign manager sale of discontinued operations	(49,080)				(400)			(400)
Conversion of JCG preferred stock to common stock	8,185,278	1	(81,852.78)					1
Dividends common						(1,107)		(1,107)
Foreign currency hedge effect							(152)	(152)
Warrant exercises	201,930				1,010			1,010
Balance, June 30, 2010	44,238,611	$ 4		$	$ 105,348	$ 54,557	$	$ 159,909
Net income						7,577		7,577
Dividends common						(1,173)		(1,173)
Repurchase of warrants					(277)			(277)

Warrant exercises	2,742,154	1		13,708			13,709
Balance, September 30, 2010	46,980,765	$ 5	$	$ 118,779	$ 60,961	$	$ 179,745

See Accompanying Notes to Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

(Unaudited)

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Cash flows from operating activities:		
Net income	$ 21,362	$ 22,167
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	12,575	5,918
Amortization of intangible assets	4,291	28
Gain on sale of property and equipment	(1,352)	(3,183)
Income from non-consolidated entities	(4,090)	(5,343)
Non-consolidated entity distributions	8,480	3,400
Net deferred taxes	(1,598)	(591)
Contingent earnout liabilities	964	
Loss on discontinued operations		800
Changes in assets and liabilities:		
Customer retention deposits	(2,333)	2,020
Accounts receivable	(40,489)	9,641
Costs and estimated earnings in excess of billings	(11,921)	1,324
Inventory, prepaid expenses and other current assets	(4,693)	39
Accounts payable	14,246	(15,447)
Billings in excess of costs and estimated earnings	8,276	1,844
Accrued expenses and other current liabilities	2,418	(291)
Other long-term liabilities	3,985	
Net cash provided by operating activities	10,121	22,326
Cash flows from investing activities:		
Purchase of property and equipment	(17,779)	(8,023)
Investment in WesPac joint venture	(18,065)	
Proceeds from sale of property and equipment	2,306	4,232
Sale of short-term investments	4,058	10,020
Advances to non-consolidated entities		(1,036)
Net cash (used in) provided by investing activities	(29,480)	5,193
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	20,000	10,871
Repayment of long-term debt	(7,290)	(20,202)
Repayment of capital leases	(2,853)	(1,446)
Repayment of subordinated debt	(10,384)	
Proceeds from exercise of warrants for the issuance of common stock	17,822	
Repurchase of warrants	(277)	(93)
Dividends paid	(3,229)	(2,373)
Cash distributions to selling stockholders	(1,966)	(4,947)
Net cash provided by (used in) financing activities	11,823	(18,190)
Cash flows from discontinued operations:		
Operating activities	(874)	(2,920)
Net cash used in discontinued operations	(874)	(2,920)
Net change in cash and cash equivalents	(8,410)	6,409

Cash and cash equivalents at beginning of the period		90,004		72,848
Cash and cash equivalents at end of the period	$	81,594	$	79,257

See Accompanying Notes to Consolidated Financial Statements

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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	Nine Months Ended September 30, 2010		2009	
	(Unaudited)			
Cash paid during the period for:				
Interest	$	3,872	$	1,456
Income taxes	$	15,323	$	16,193

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Nine Months Ended September 30, 2010		2009	
	(Unaudited)			
Non-cash activities:				
Accrued dividends	$	1,173	$	812
Obligations incurred for the acquisition of property and equipment leases	$		$	4,723

See Accompanying Notes to Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In Thousands, Except Per Share Amounts)

(Unaudited)

Note 1 Business Activity

Organization and operations Primoris Services Corporation, a Delaware corporation (Primoris , the Company , we , us or our), and its wholly-owned subsidiaries ARB, Inc. (ARB), ARB Structures, Inc., Onquest, Inc., James Construction Group, LLC (JCG), Cravens Services, Inc. (Cravens), Born Heaters Canada, ULC, Cardinal Contractors, Inc., GML Coatings, LLC, Cardinal Mechanical, L.P. and Stellaris, LLC, collectively, are engaged in various construction and product engineering activities.

The Company s underground and directional drilling operations install, replace and repair natural gas, petroleum, telecommunications and water pipeline systems. The Company s industrial, civil and engineering operations construct and provide maintenance services to industrial facilities including power plants, petrochemical facilities and other processing plants and construct multi-level parking structures.

On December 18, 2009, the Company acquired JCG. JCG is one of the largest general contractors based in the Gulf Coast states and is engaged in highway, industrial and environmental construction, primarily in Louisiana, Texas and Florida. JCG is the successor company to T. L. James and Company, Inc., a well-known Louisiana company that has been in business for over 80 years. Headquartered in Baton Rouge, Louisiana, JCG serves both government and private clients.

Corporate headquarters for the Company are located in Lake Forest, California.

Note 2 Basis of Presentation

Interim Consolidated Financial Statements The interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2010 and 2009 have been prepared in accordance with Rule 10-01 of Regulation S-X of the Securities Exchange Act of 1934, as amended (the Exchange Act). As such, certain disclosures, which would substantially duplicate the disclosures contained in the Company s latest audited consolidated financial statements, have been omitted. This Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010 (the Third Quarter 2010 Report) should be read in concert with the Company s Annual Report on Form 10-K, filed on March 11, 2010, which contains the Company s audited consolidated financial statements for the year ended December 31, 2009.

The interim financial information for the three-month and nine-month periods ended September 30, 2010 and 2009 is unaudited and has been prepared on the same basis as the audited consolidated financial statements. However, the financial statements contained in this Third Quarter 2010 Report do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America (GAAP) for audited financial statements. In the opinion of management, the unaudited information includes all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of the interim financial information.

Certain amounts in prior periods have been reclassified in order to conform to the present period financial statement presentation. Specifically, the prior period financial information was revised to conform to our current presentation of continuing and discontinued operations (see Note 10, *Discontinued Operations*).

Revenue recognition A number of factors relating to the business of the Company affect the recognition of contract revenue. The Company typically structures contracts as unit-price, time and material, fixed-price or cost plus fixed fee. Revenue is recognized on the percentage-of-completion method for all fixed-price contracts. Under the percentage-of-completion method, estimated contract revenue and resulting income is generally accrued based on costs incurred to date as a percentage of total estimated costs. Total estimated costs are impacted by changes in productivity, scheduling, the cost of labor, subcontracts, materials and equipment and other unforeseen events. Additionally, external factors such as weather, client needs, client delays in providing permits and approvals, labor availability, governmental regulation and politics may affect the progress of a project s completion and thus the timing of revenue recognition. If a current estimate of total contract cost determines a loss on a contract, the projected loss is recognized in the period the loss is identified and for the full amount of the loss.

The caption *Costs and estimated earnings in excess of billings* represents the excess of contract revenues from fixed-priced contracts recognized under the percentage-of-completion method over billings to date. For those fixed-priced contracts in which billings exceed contract revenues recognized to date, excesses are included in the caption *Billings in excess of costs and estimated earnings* .

Revenues on cost-plus and time and materials contracts are recognized as the related work is completed.

In accordance with the terms of our contracts, certain retainage provisions are withheld by customers until completion and acceptance of the contracts. Final payments of the majority of such amounts are expected to be received within a year.

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Note 3 Recent Accounting Pronouncements

Fair Value Disclosures

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, *Improving Disclosures about Fair Value Measurements* (an update to ASC Topic 820 *Fair Value Measurements and Disclosures*). ASU 2010-06 requires additional disclosures about fair value measurements including transfers in and out of Levels 1 and 2 and a higher level of disaggregation for the different types of financial instruments. For the reconciliation of Level 3 fair value measurements, information about purchases, sales, issuances and settlements should be presented separately. This ASU is effective for annual and interim reporting periods beginning after December 15, 2009 for most of the new disclosures and for periods beginning after December 15, 2010 for the new Level 3 disclosures. Comparative disclosures are not required in the first year the disclosures are required. As of January 1, 2010, the Company adopted this accounting standard update, which did not result in a material impact on our financial statements.

Consolidation of Variable Interest Entities

In June 2009, the FASB issued an amendment to an accounting standard for ASC Topic 810 Consolidation , (formerly referred to as Statement of Financial Accounting Standards No. 167, *Amendments to FASB Interpretation No. 46R* (SFAS 167)) which sets rules for determining whether to consolidate an entity that is insufficiently capitalized or is not controlled through voting (or similar rights). These rules are based on an entity s purpose and design and the company s ability to direct the activities that most significantly impact the entity s economic performance. ASC Topic 810 requires additional disclosures about the reporting company s involvement with variable-interest entities and any significant changes in risk exposure due to that involvement as well as its affect on the company s financial statements. The accounting standard became effective January 1, 2010. The adoption of this amendment did not result in a material impact on our financial statements.

Note 4 Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures* , defines fair value, establishes a framework for measuring fair value in GAAP and requires certain disclosures about fair value measurements. ASC Topic 820 addresses fair value GAAP for financial assets and financial liabilities that are re-measured and reported at fair value at each reporting period and for non-financial assets and liabilities that are re-measured and reported at fair value on a recurring basis, which included goodwill and intangible assets for purposes of impairment assessments.

In general, fair values determined by Level 1 use quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs use data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The following table presents, using the fair value hierarchy levels identified under ASC Topic 820, the Company s financial assets that are required to be measured at fair value at September 30, 2010 and December 31, 2009:

	Amount Recorded on Balance Sheet	Fair Value Measurements at Reporting Date: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at September 30, 2010:				
Cash and cash equivalents	$ 81,594	$ 81,594		
Short-term investments	$ 26,000	$ 26,000		
Assets at December 31, 2009:				
Cash and cash equivalents	$ 90,004	$ 90,004		
Short-term investments	$ 30,058	$ 30,058		

Short-term investments consist primarily of Certificates of Deposit (CDs) purchased through the CDARS (Certificate of Deposit Account Registry Service) program to provide Federal Deposit Insurance Corporation backing of the CDs.

In addition to the assets listed in the table, other short-term financial assets and liabilities of the Company consist of accounts receivable, accounts payable and certain accrued liabilities. These financial assets and liabilities generally approximate fair market value based on their short-term nature. The carrying value of the Company s long-term debt approximates fair value based on comparison with current prevailing market rates for loans of similar risks and maturities.

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Note 5 Accounts Receivable

The following is a summary of the Company s accounts receivable at the dates shown:

	September 30, 2010	December 31, 2009
Contracts receivable, net of allowance for doubtful accounts of $200 for September 30, 2010 and for December 31, 2009	$ 126,006	$ 82,254
Retention	19,216	25,907
	145,222	108,161
Due from affiliates		
Other accounts receivable	3,759	331
	$ 148,981	$ 108,492

Amounts due from affiliates primarily relate to receivables from related parties (see Note 7, *Equity Method Investments* and Note 14, *Related Party Transactions*) for the performance of construction contracts. Contract revenues earned from related parties were approximately $79 and $3,764 for the three months, and $1,367 and $15,083 for the nine months ended September 30, 2010 and 2009, respectively.

Note 6 Costs and Estimated Earnings on Uncompleted Contracts

Costs and estimated earnings on uncompleted contracts consist of the following at:

	September 30, 2010	December 31, 2009
Costs incurred on uncompleted contracts	$ 1,950,166	$ 2,036,251
Provision for estimated loss on uncompleted contracts	445	332
Gross profit recognized	191,027	201,254
	2,141,638	2,237,837
Less: billings to date	(2,240,650)	(2,340,494)
	$ (99,012)	$ (102,657)

This net amount is included in the accompanying consolidated balance sheet under the following captions:

	September 30, 2010	December 31, 2009
Costs and estimated earnings in excess of billings	$ 23,299	$ 11,378
Billings in excess of costs and estimated earnings	(122,311)	(114,035)

	$	(99,012)	$	(102,657)

Note 7 Equity Method Investments

WesPac Energy LLC

On July 1, 2010, the Company acquired a 50% membership interest in WesPac Energy LLC, a Nevada limited liability company (WesPac). Pursuant to the terms of the Membership Interest Purchase Agreement, dated July 1, 2010, by and among the Company, WesPac and Kealine Holdings, LLC (Kealine), a Nevada limited liability company and the sole limited liability company member of WesPac prior to the closing, we acquired 50% of the issued and outstanding limited liability company membership interests of WesPac for total cash consideration of $18,065. Kealine will hold the remaining 50% membership interest in WesPac. We have no future obligation to make any additional investments into WesPac. All key investment, management and operating decisions of WesPac will require unanimous approval from a management committee equally represented by Kealine and us.

Founded in 1998 and based in Irvine, California, WesPac develops pipeline and terminal projects in the United States, Canada and Mexico, by building, expanding or enhancing infrastructure in the areas of pipeline transportation and storage efficiency enhancement. To date, WesPac has successfully developed, financed and brought to completion several such projects. The Company believes the ownership interest in WesPac will broaden our exposure to a variety of pipeline, terminal and energy-related infrastructure opportunities across North America.

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The following is a summary of the financial position and results as of and for the periods ended:

		September 30, 2010
Wespac Energy, LLC		
Balance sheet data		
Assets	$	37,176
Liabilities		1,220
Net assets	$	35,956
Company s equity investment in venture	$	17,979

		Three months ended September 30, 2010		Nine months ended September 30, 2010
Earnings data:				
Revenue	$		$	
Expenses	$	174	$	174
Net income	$	(174)	$	(174)
Company s equity in earnings	$	(87)	$	(87)

Otay Mesa Power Partners

During 2007, the Company established a joint venture, Otay Mesa Power Partners (OMPP), for the sole purpose of constructing a power plant near San Diego, California. The Company has a 40% interest in the venture and accounts for its investment in OMPP using the equity method. ARB acts as one of OMPP s primary subcontractors. At September 30, 2010, ARB had total project contracts with OMPP amounting to $49,019, which are essentially complete. The Company recognized $83 in related party revenues in the nine months ended September 30, 2010 and $13,158 in the nine months ended September 30, 2009. These revenues are included in the contract revenues earned from related parties as stated in Note 5, *Accounts Receivable* . The following is a summary of the financial position and results as of and for the periods ended:

		September 30, 2010		December 31, 2009
OMPP Joint Venture				
Balance sheet data				
Assets	$	200	$	9,176
Liabilities		183		1,493
Net assets	$	17	$	7,683
Company s equity investment in venture	$	10	$	4,610

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Earnings data:				

Revenue	$	308	$	19,229	$	308	$	97,615
Gross profit	$	45	$	2,439	$	45	$	17,997
Earnings before taxes	$	45	$	2,439	$	45	$	18,002
Company s equity in earnings	$	27	$	1,500	$	27	$	6,585

OMPP distributed $7,711 to its equity holders during the nine months ended September 30, 2010, of which the Company s share, as calculated under the joint venture agreement, was $4,627. For the nine months ended September 30, 2009, OMPP distributed $8,500, of which the Company s share was $3,400. The OMPP agreement states that distributions made prior to the completion of the contract are considered advances on account of each partner s share as determined at the completion of the underlying contract. The joint venture will be closed out at the end of the warranty period in December 2010.

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All Day Electric

The Company purchased a 49% interest in All Day Electric (All Day   ) in December 2008 for $500 and accounts for this investment under the equity method. All Day engages in electrical construction activities mainly in Northern California. The Company performed services for All Day and recognized $1,281 in related party revenues during the nine months ended September 30, 2010 and $1,020 during the nine months ended September 30, 2009. The following is a summary of the financial position and results as of and for the periods ended:

	September 30, 2010	December 31, 2009
All Day Electric		
Balance sheet data		
Assets	$ 6,879	$ 5,661
Liabilities	6,101	4,615
Net assets	$ 778	$ 1,046
Company s equity investment in venture	$ 381	$ 513

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Earnings data:				
Revenue	$ 10,388	$ 4,107	$ 17,294	$ 7.377
Gross profit	$ 559	$ 164	$ 698	$ 755
Net income	$ 165	$ (122)	$ (269)	$ (420)
Company s equity in earnings	$ 81	$ (60)	$ (132)	$ (206)

St.   Bernard Levee Partners

The Company purchased a 30% interest in St.   Bernard Levee Partners (Bernard   ) in the fourth quarter 2009 for $300 and accounts for this investment under the equity method. Bernard engages in construction activities in Louisiana. Bernard distributed $15,990 to its equity holders during the nine months ended September 30, 2010, of which the Company   s share, as calculated under the joint venture agreement, was $3,924. The following is a summary of the financial position and results as of and for the periods ended:

	September 30, 2010	December 31, 2009
St. Bernard Levee Partners		
Balance sheet data		
Assets	$ 20,803	$ 3,149
Liabilities	16,797	1,966
Net assets	$ 4,006	$ 1,183
Company s equity investment in venture	$ 904	$ 378

	Three months ended September 30, 2010	Nine months ended September 30, 2010
Earnings data:		
Revenue	$ 51,603	$ 159,625
Gross profit	$ 6,389	$ 18,806
Earnings before taxes	$ 6,389	$ 18,806
Company s equity in earnings	$ 1,445	$ 4,450

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Note 8 Business Combinations

The December 18, 2009 acquisition of JCG was accounted for using the acquisition method of accounting. The preliminary allocation of the purchase price based on the fair value of the acquired assets, less liabilities assumed, as of December 18, 2009, amounted to $133,190.

As part of the acquisition, the Company has agreed to issue $10,000 in common stock to the sellers, contingent upon JCG meeting a specific operating performance target for the year 2010. As discussed in Note 13 *Other Liabilities*, the estimated fair value of this contingency was $8,190 and $9,154 at December 31, 2009 and September 30, 2010, respectively.

As further evaluations were completed and information was received from third parties subsequent to the acquisition date, the Company made revisions to the preliminary estimates of the fair value of the acquired assets and liabilities. During the quarter, the revisions resulted in an increase in casualty and health insurance liabilities assumed and adjustments to deferred tax liabilities related to the fair value of assets acquired. These changes in the valuation of liabilities increased the amount of goodwill recorded by $2,000. The Company expects to complete its final determination of the estimated fair value of the acquisition prior to the end of 2010.

Supplemental Unaudited Pro Forma Information for the three and nine months ended September 30, 2009

The following pro forma information for the three and nine months ended September 30, 2009 presents the results of operations as if the JCG acquisition had occurred at the beginning of 2009. The supplemental pro forma information has been adjusted to include:

- the pro forma impact of amortization of intangible assets and depreciation of property, plant and equipment, based on the purchase price allocation;
- the pro forma impact of interest expense on the $53,500 subordinated promissory note; and
- the pro forma tax effect of both the income before income taxes for JCG and the JCG pro forma adjustments, calculated using the statutory corporate tax rate of 39.8% for the three and nine months ended September 30, 2009.

The pro forma results are presented for illustrative purposes only and are not necessarily indicative of or intended to represent the results that would have been achieved had the transaction been completed on January 1, 2009. The pro forma results do not reflect any operating efficiencies and associated cost savings that the Company may have achieve with respect to the combined companies.

		Three months ended September 30, 2009		Nine months ended September 30, 2009
Revenues	$	207,718	$	635,228
Income from continuing operations, before provision for income taxes	$	19,004	$	48,981
Income from continuing operations	$	11,829	$	30,153
Net income	$	11,050	$	29,353
Weighted average common shares outstanding:				
Basic (1)		39,473		38,695
Diluted (1)		42,233		41,313
Earnings per share:				
Basic income from continuing operations	$	0.30	$	0.78
Basic net income	$	0.28	$	0.76
Diluted income from continuing operations	$	0.28	$	0.73
Diluted net income	$	0.26	$	0.71

(1) The adjustment to weighted average shares outstanding reflects the conversion of the Preferred Stock issued as part of the acquisition consideration (see Note 17 *Stockholders Equity*), as if such shares were converted into 8,185 shares of common stock, at a conversion rate of 100 common shares per share. On April 12, 2010, the Preferred Stock was converted into common stock.

The adjustment to weighted average shares outstanding excludes the potential impact of the Earnout Shares that may be issued contingent upon meeting a certain financial target at the end of 2010. Pro forma basic shares outstanding included a total of 8,185 shares, less 1,190 Escrow Shares, totaling 6,995 shares of common stock. Shares included in pro forma diluted shares outstanding include the 8,185 shares of common stock.

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Note 9 Intangible Assets

At September 30, 2010 and December 31, 2009, intangible assets totaled $28,404 and $32,695, respectively, net of amortization. The following table summarizes the intangible asset categories, average amortization periods, which are generally on a straight-line basis, and the fair value, as follows:

	Amortization Period	September 30, 2010	December 31, 2009
Tradename	5 to 10 years	$ 14,538	$ 15,785
Non-compete agreements	5 years	$ 4,585	$ 5,403
Customer relationships	5 to 10 years	$ 6,245	$ 6,793
Backlog	0.75 to 2.25 years	$ 3,036	$ 4,714
	Total	$ 28,404	$ 32,695

Amortization expense on intangible assets was $1,413 and $10 for the three months ended September 30, 2010 and 2009, respectively, and amortization expense for the nine months ended September 30, 2010 and 2009 was $4,291 and $28, respectively. Estimated future amortization expense for intangible assets is as follows:

For the Years Ending December 31,	Estimated Intangible Amortization Expense
2010 (remaining three months)	$ 1,387
2011	5,544
2012	3,873
2013	3,455
2014	3,360
Thereafter	10,785
	$ 28,404

Note 10 Discontinued Operations

During December 2009, the Company discontinued all operations in Ecuador, and a plan was put in place to sell the stock ownership of the Ecuador company. Consequently, the results of operations and cash flows for these operations are reflected as discontinued operations for all periods presented. Previously, the Ecuador operations were included in the Company s Construction Services segment.

In February 2010, the Company entered into an agreement for the sale of the Ecuador business. The Company agreed to pay $1,000 of remaining liabilities of the business, and the buyer agreed to acquire the business for $700, which was comprised of $400 in Primoris common stock owned by the buyer and an interest free $300 note payable, due on February 19, 2011. The buyer also agreed to provide an indemnification to the Company for any remaining liabilities. The sale was completed in March 2010. The $400 in Primoris common stock was cancelled when received by the Company during the second quarter 2010. The sale of the Ecuador business had no material impact to the Company.

At September 30, 2010, the balance sheet reflects a net liability of $733 for potential remaining liabilities under this agreement.

Note 11 Accounts Payable and Accrued Liabilities

At September 30, 2010 and December 31, 2009, accounts payable includes retentions of approximately $13,378 and $12,616, respectively, due to subcontractors, which have been retained pending contract completion and customer acceptance of jobs.

The following is a summary of accrued expenses and other current liabilities at:

	September 30, 2010	December 31, 2009
Payroll and related employee benefits	$ 22,842	$ 18,321
Insurance, including self-insurance reserves	10,413	11,245
Provision for estimated losses on uncompleted contracts	445	332
Sales and other taxes	1,711	640
Accrued leases and rents	240	262
Other	3,554	4,192
	$ 39,205	$ 34,992

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Note 12 Credit Arrangements

Credit Agreements. On October 28, 2009, we entered into a Loan and Security Agreement (the Agreement) with The PrivateBank and Trust Company (the Lender) for a revolving line of credit in the total aggregate amount of $35,000. The Agreement was amended on September 30, 2010 to extend the maturity dates of the two revolving loans provided under the Agreement. The maturity dates, as amended, are as follows:

- a revolving loan in the amount of $20,000 (the Revolving Loan A), with a maturity date of October 26, 2013; and
- a revolving loan in the amount of $15,000 (the Revolving Loan B), with a maturity date of October 26, 2011.

Under the Agreement, the Lender agreed to issue letters of credit of up to $15,000 under Revolving Loan A. At September 30, 2010 and December 31, 2009, total commercial letters of credit outstanding under Revolving Loan A totaled $4,339 and $850, respectively. There were no other borrowings under these two lines during the nine months ended September 30, 2010, leaving available borrowing capacity under Revolving Loan A at $15,661 and $15,000 under Revolving Loan B.

The principal amount of each of Revolving Loan A and Revolving Loan B will bear interest at either: (i) LIBOR plus an applicable margin as specified in the Agreement, or (ii) the prime rate announced by the Lender plus an applicable margin as specified in the Agreement. The principal amount of any loan bearing interest at LIBOR plus an applicable margin may not be prepaid at any time without being subject to certain penalties. There is no prepayment penalty for any loan bearing interest at the prime rate announced by the Lender plus an applicable margin.

All loans made by the Lender under the Agreement are secured by our assets, including, among others, our cash, inventory, goods, equipment (excluding equipment subject to certain permitted liens) and accounts receivable. Certain of our subsidiaries have executed joint and several guaranties in favor of the Lender for all amounts under the Agreement. The Agreement and the line of credit facilities contain various restrictive covenants, including, among others, restrictions on investments, capital expenditures, minimum tangible net worth and debt service coverage requirements. The Company was in compliance with its restrictive covenants as of September 30, 2010.

In January 2008, the Company entered into a credit facility (as amended) for purposes of issuing commercial letters of credit in Canada, for an amount of up to $10,000 in Canadian dollars. The credit facility with a Canadian bank is for a term of 5 years, and provides for an annual fee of 1% for any issued and outstanding commercial letters of credit. Letters of credit can be denominated in either Canadian or U.S. dollars. At September 30, 2010, total commercial letters of credit outstanding under this credit facility totaled $4,953 in Canadian dollars and $5,543 in Canadian dollars at December 31, 2009. As of September 30, 2010, the available borrowing capacity under this credit facility was $5,047 in Canadian dollars.

At the time of the JCG acquisition on December 18, 2009, the Company assumed outstanding letters of credit of $5,600 under an amended credit agreement that expired on February 28, 2010. Upon termination of the credit agreement, the Company made a cash deposit as replacement for the letters of credit.

Equipment Loans. On June 25, 2010, we entered into a loan for the financing of existing equipment for the total aggregate amount of $10,000 and paid a loan commitment fee of 0.5%. This loan is secured by certain construction and automotive equipment and is payable in equal monthly installments over a five year period. The principal amount of the loan bears interest at 4.12% per annum and may be prepaid after one year, subject to certain prepayment penalties, and after three years without penalty.

Under a master loan agreement dated August 2009, we executed an equipment note on June 25, 2010 for an aggregate amount of $10,000. This note is secured by certain existing construction and automotive equipment and is payable in equal monthly installments over a seven year period. The principal amount of this note bears interest at 4.71% per annum.

Subordinated Promissory Note. In connection with the acquisition of JCG, the Company executed an unsecured Promissory Note on December 18, 2009 in favor of the sellers of JCG with an initial principal amount of $53,500. The Promissory Note is due and payable on December 15, 2014 and bears interest at differing rates until maturity. For the first 9 months of the term of the note, the Promissory Note bore interest at an annual rate equal to 5%. For months 10 through 18, the Promissory Note will bear interest at an annual rate of 7%. For months 19 until the maturity date, the Promissory Note will bear interest at an annual rate of 8%. Payments of principal and interest will be made on an amortizing basis over 60 months. The Promissory Note is subordinated to amounts owed to our commercial banks for lines of credit and to our bonding agencies.

The Promissory Note may be prepaid in whole or in part at any time, and partial prepayment is required in the event the Company completes certain equity financing, receives warrant exercise proceeds or obtains proceeds under certain new indebtedness. As long as more than $10,000 is outstanding under the Promissory Note, we have agreed to not take certain actions without the prior written consent of the Promissory Note holders, including, among others, purchase, acquire, redeem or retire any shares of our common stock. At September 30, 2010, a total of $43,116 was outstanding on the Promissory Note. The Company made prepayments of the Promissory Note in the amounts of $2,328 in April 2010, $757 in July 2010 and $13,182 in October 2010, using proceeds from the exercise of warrants for the issuance of common stock.

Note 13 Contingent Earnout Liabilities

Contingent earnout liabilities consist of following amounts resulting from our acquisitions of JCG and Cravens in the fourth quarter of 2009.

As part of the December 2009 JCG acquisition agreement, the Company agreed to issue $10,000 in common stock to the sellers, contingent upon JCG meeting a specific operating performance target for the year 2010. The number of shares are calculated by dividing $10,000 by the average closing price of our common stock, as reported on NASDAQ, for the 20 business days prior to December 31, 2010. Upon meeting the contingency target, the shares of common stock are to be issued at the time the Company s audited financial statements are available, but in no event later than April 15, 2011. At December 31, 2009, the estimated fair value of the contingent consideration was $8,190. The estimated fair value at September 30, 2010 was $9,154. The $964 change in the fair value was a non-cash charge to other expense in the consolidated statement of income for the nine month period ended September 30, 2010.

In October 2009, the Company acquired the assets of Cravens Partners, Ltd., a Texas-based provider of civil and utility infrastructure construction services. The Cravens acquisition included potential consideration for an additional $2,000 in common stock and $500 in cash to the sellers, contingent upon meeting specific operating performance targets for the years 2009, 2010 and 2011. At December 31, 2009, the estimated fair value of the contingent consideration was $1,839 of which $750 was current at December 31, 2009. Upon meeting the 2009 performance target, the Company paid $150 and issued 74.9 shares of common stock in March 2010 with a value of $600. There was no change to the remaining estimated fair value of $1,089 at September 30, 2010 for the earnout consideration compared to the balance at December 31, 2009.

Note 14 Related Party Transactions

Primoris has entered into various transactions with Stockdale Investment Group, Inc. (SIGI). Brian Pratt, one of our largest stockholders and our Chief Executive Officer, President and Chairman of the Board of Directors, also holds a majority interest in SIGI and is the chairman and a director of SIGI. John M. Perisich, our Senior Vice President and General Counsel, is secretary of SIGI.

Primoris leases properties located in Bakersfield, Pittsburg and San Dimas, California and in Pasadena, Texas from SIGI. During the nine months ended September 30, 2010 and 2009, the Company paid $668 and $613, respectively, in lease payments to SIGI for the use of these properties.

Primoris leases a property from Roger Newnham, one of our stockholders and a manager at our subsidiary Born Heaters Canada. The property is located in Calgary, Canada. During the nine months ended September 30, 2010 and 2009, Primoris paid $188 and $256, respectively, in lease payments to Mr. Newnham for the use of this property. The term of the lease is through December 31, 2014.

The Company owns several non-consolidated investments and has recognized revenues on work performed for those joint ventures. The Company recognized $83 and $13,158 in related party revenues during the nine months ended September 30, 2010 and 2009, respectively, on the OMPP joint venture. The Company also recognized $1,281 and $1,020 in related party revenues during the nine months ended September 30, 2010 and 2009, respectively, from the All Day joint venture. See Note 7 *Equity Method Investments* .

Note 15 Income Taxes

The effective tax rate for the three and nine months ended September 30, 2010 was 42.7% and 39.2% respectively. The rate differs from the U.S. federal statutory rate of 35% due primarily to federal and state return to provision adjustments, state income taxes and the Domestic Production Activity Deduction .

To determine its quarterly provision for income taxes, the Company uses an estimated annual effective tax rate, which is based on expected annual income, statutory tax rates and tax planning opportunities available in the various jurisdictions to which the Company is subject. Certain significant or unusual items are separately recognized in the quarter in which they occur and can be a source of variability in the effective tax rate from quarter to quarter. The Company recognizes interest and penalties related to uncertain tax positions, if any, as an income tax expense.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial reporting basis and tax basis of the Company s assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The tax years 2007 through 2009 remain open to examination by the United States Internal Revenue Service. The tax years 2006 through 2009 remain open to examination by the other major taxing jurisdictions to which the Company is subject.

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Note 16 Dividends and Earnings Per Share

The Company has declared cash dividends on three occasions during 2010, as follows:

- On March 4, 2010, the Company declared a cash dividend of $0.025 per common share, payable to stockholders of record as of March 31, 2010 and to holders of shares of the Company s Series A Non-Voting Contingent Convertible Preferred stock (Preferred Stock) issued in connection with the December 18, 2009 acquisition of JCG. The dividend, totaling $1,103, was paid on April 15, 2010.

- On May 11, 2010, the Company declared a cash dividend of $0.025 per common share, payable to stockholders of record as of June 30, 2010. On April 12, 2010, the Preferred Stock was converted to common stock and was therefore included as common stock outstanding as of June 30, 2010. The dividend, totaling $1,107 was paid on July 15, 2010.

- On August 6, 2010, the Company declared a cash dividend of $0.025 per common share, payable to stockholders of record as of September 30, 2010. The dividend, totaling $1,173, was paid on October 15, 2010.

The table below presents the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2010 and 2009:

	Three months ended September 30, 2010	Three months ended September 30, 2009	Nine months ended September 30, 2010	Nine months ended September 30, 2009
Numerator:				
Net income	$ 7,577	$ 7,947	$ 21,362	$ 22,167
Denominator:				
Weighted average shares for computation of basic earnings per share	44,887	32,477	40,499	31,699
Dilutive effect of warrants and units	641	1,571	1,136	650
Dilutive effect of contingently issuable shares (1) (2)			793	779
Dilutive effect of conversion of Preferred Stock (3)			3,058	
Weighted average shares for computation of diluted earnings per share	45,528	34,048	45,486	33,128
Basic earnings per share	$ 0.17	$ 0.24	$ 0.53	$ 0.70
Diluted earnings per share	$ 0.17	$ 0.23	$ 0.47	$ 0.67

(1) Represents the effect of 5,000 shares of the Company s common stock issued when certain financial targets were met in 2008 and 2009 under the merger agreement between Rhapsody Acquisition Corp. (the Company s former name) and Primoris Corporation, a privately held Nevada corporation (Former Primoris).

(2) Includes the effect of 74.9 shares of common stock that were issued as part of the acquisition of Cravens. The shares were issued in March 2010 upon meeting a defined performance target in 2009.

(3) Represents the effect of 8,185 shares of common stock that were approved for issuance at a special meeting of the stockholders held on April 12, 2010. The stockholders approved the issuance of shares of common stock to the holders of 81.8 shares of Preferred Stock and approved the conversion of the Preferred Stock to 8,185 shares of common stock.

Note 17 Stockholders Equity

Preferred stock The Company is authorized to issue 1,000 shares of $0.0001 par value preferred stock. As part of the consideration for the acquisition of JCG, the Company issued 81.8 shares of Preferred Stock to JCG s former members. On April 12, 2010, at a special meeting of the stockholders, the stockholders approved the conversion of the 81.8 shares of Preferred Stock into 8,185 shares of common stock. There are no shares of Preferred Stock outstanding at September 30, 2010.

Warrants At September 30, 2010, there were 807 warrants outstanding to purchase the Company s common stock. Each warrant entitled the holder to purchase one share of common stock at a price of $5.00 per share and was exercisable at any time on or prior to October 2, 2010 at 5:00 PM EDT (Warrant), unless earlier redeemed by the Company. From July 1, 2010 through September 30, 2010, a total of 2,742 warrants were exercised, with an additional 773 warrants exercised on October 1, 2010, resulting in cash proceeds paid to the Company of $17,576. The remaining 34 warrants expired unexercised on October 2, 2010.

On September 7, 2010, the Company adopted a Rule 10b5-1 trading plan with a broker to facilitate the repurchase of Warrants. From September 7, 2010 through the plan termination date of September 28, 2010, the broker completed the repurchase of 246 Warrants in accordance with the plan for $277.

Unit Purchase Options At September 30, 2010, the Company had 450 Unit Purchase Options (UPO) outstanding. Each UPO entitled the holder to purchase one unit, comprised of one share of common stock and one Warrant, at a price of $8.80 per unit. The Warrants underlying the UPO s also expired on October 2, 2010. As a result, the UPO s, which will expire on October 2, 2011, now entitle the holder to purchase one share of common stock at a price of $8.80 per share.

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Note 18 Commitments and Contingencies

Leases The Company leases certain property and equipment under non-cancellable operating leases which expire at various dates through 2019. The leases require the Company to pay all taxes, insurance, maintenance and utilities and are classified as operating leases in accordance with ASC Topic 840- Leases . The leases related to property are with entities related through common ownership by stockholders, officers, and directors of the Company.

Total lease expense during the three and nine months ended September 30, 2010 amounted to $2,475 and $7,411, respectively, including amounts paid to related parties of $281 and $856, respectively. Total lease expense during the three and nine months ended September 30, 2009 amounted to $1,481 and $4,775, including amounts paid to related parties of $303 and $868, respectively.

Letters of credit At September 30, 2010, the Company had letters of credit outstanding of $9,292 and at December 31, 2009, the Company had letters of credit outstanding of $11,989. The outstanding amounts include the U.S. dollar equivalent for letters of credit issued in Canadian dollars.

Litigation The Company is subject to claims and legal proceedings arising out of its business. Management believes that the Company has meritorious defenses to such claims. Although management is unable to ascertain the ultimate outcome of such matters, after review and consultation with counsel and taking into consideration relevant insurance coverage and related deductibles, management believes that the outcome of these matters will not have a materially adverse effect on the consolidated financial position of the Company.

Bonding At September 30, 2010 and December 31, 2009, the Company had bid and completion bonds issued and outstanding totaling approximately $902,373 and $773,762, respectively.

Note 19 Reportable Operating Segments

Prior to January 1, 2010, the Company reported two operating segments: the Construction Services segment and the Engineering segment. As a result of the acquisition of JCG and changes in our management structure, the Company changed the reportable operating segments on January 1, 2010, by separating the former Construction Services segment into two separate segments. The prior year information for the Construction Services segment has been reclassified into the new segments. The three new segments are East Construction Services, West Construction Services and Engineering.

The East Construction Services segment incorporates the JCG construction business, located primarily in the southeastern United States. The segment also includes the businesses located in the Gulf Coast region of the United States that were formerly included in the Construction Services segment, including Cardinal Contractors, Inc., Cardinal Mechanical, L.P. and Cravens.

The West Construction Services segment includes the construction services performed in the western United States, primarily in the state of California. Entities included in West Construction Services are ARB, ARB Structures, Inc. and Stellaris, LLC.

The Engineering segment remains unchanged and includes the results of Onquest, Inc. and Born Heaters Canada, ULC.

In the following tables, all intersegment revenues and gross profit, which were immaterial, have been eliminated.

Segment Revenues

Revenue by segment for the three months ended September 30, 2010 and 2009 were as follows:

	For the three months ended September 30,					
	2010			2009		
Segment		**Revenue**	**% of Segment Revenue**		**Revenue**	**% of Segment Revenue**
East Construction Services	$	126,876	55.0%	$	13,830	13.0%
West Construction Services		86,594	37.6%		80,933	75.9%
Engineering		16,887	7.4%		11,848	11.1%
Total	$	230,357	100.0%	$	106,611	100.0%

Revenue by segment for the nine months ended September 30, 2010 and 2009 were as follows:

	For the Nine months ended September 30,					
	2010			2009		
Segment		**Revenue**	**% of Segment Revenue**		**Revenue**	**% of Segment Revenue**
East Construction Services	$	351,583	57.8%	$	42,028	12.0%
West Construction Services		216,302	35.5%		263,765	75.4%
Engineering		40,641	6.7%		43,978	12.6%
Total	$	608,526	100.0%	$	349,771	100.0%

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Segment Gross Profit

Gross profit by segment for the three months ended September 30, 2010 and 2009 were as follows:

	For the three months ended September 30,			
	2010		2009	
Segment	**Gross Profit**	**% of Segment Revenue**	**Gross Profit**	**% of Segment Revenue**
East Construction Services	$ 12,889	10.1%	$ 1,383	10.0%
West Construction Services	12,689	14.7%	17,449	21.6%
Engineering	2,302	13.6%	1,322	11.2%
Total	$ 27,880	12.1%	$ 20,154	18.9%

Gross profit by segment for the nine months ended September 30, 2010 and 2009 were as follows:

	For the Nine months ended September 30,			
	2010		2009	
Segment	**Gross Profit**	**% of Segment Revenue**	**Gross Profit**	**% of Segment Revenue**
East Construction Services	$ 36,103	10.3%	$ 4,441	10.6%
West Construction Services	35,081	16.2%	46,663	17.7%
Engineering	7,805	19.2%	4,299	9.8%
Total	$ 78,989	13.0%	$ 55,403	15.8%

Segment Goodwill

The following presents the amount of goodwill recorded by segment at September 30, 2010 and at December 31, 2009.

Segment	**September 30, 2010**	**December 31, 2009**
East Construction Services	$ 59,272	$ 57,237
West Construction Services		
Engineering	2,441	2,441
Total	$ 61,713	$ 59,678

Geographic Region Revenues and Total Assets

Revenue and total assets by geographic area for the nine months ended September 30, 2010 and 2009 was as follows:

	Revenues For the Nine months ended September 30, 2010		2009		Total Assets	
Country:	**Revenue**	**% of Revenue**	**Revenue**	**% of Revenue**	**September 30, 2010**	**December 31, 2009**
United States	$ 593,727	97.6%	$ 332,952	95.2%	$ 524,563	$ 465,025
Non-United States	14,799	2.4	16,819	4.8	8,905	11,002
Total	$ 608,526					