

STERLING CONSTRUCTION CO INC  
Form 10-Q  
November 10, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended: September 30, 2014

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 1-31993

STERLING CONSTRUCTION COMPANY, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE  
State or other jurisdiction of incorporation  
or organization

25-1655321  
(I.R.S. Employer  
Identification No.)

1800 Hughes Landing Blvd.  
The Woodlands, Texas  
(Address of principal executive office)

77380  
(Zip Code)

Registrant's telephone number, including area code (281) 214-0800

(Former name, former address and former fiscal year, if changed from last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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 (§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  No

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

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(Do not check if a smaller reporting company)

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

At October 31, 2014, there were 18,802,779 shares outstanding of the issuer's common stock, par value \$0.01 per share.

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STERLING CONSTRUCTION COMPANY, INC.  
QUARTERLY REPORT ON FORM 10-Q  
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## PART I

## Item 1. Financial Statements

STERLING CONSTRUCTION COMPANY, INC. & SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (Amounts in thousands, except share and per share data)

	September 30, 2014 (Unaudited)	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 17,000	\$ 1,872
Contracts receivable, including retainage	105,302	77,245
Costs and estimated earnings in excess of billings on uncompleted contracts	31,745	11,684
Inventories	6,618	6,189
Receivables from and equity in construction joint ventures	10,621	6,118
Other current assets	10,153	11,377
Total current assets	181,439	114,485
Property and equipment, net	90,453	93,683
Goodwill	54,820	54,820
Other assets, net	8,356	10,030
Total assets	\$ 335,068	\$ 273,018
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 81,097	\$ 61,599
Billings in excess of costs and estimated earnings on uncompleted contracts	28,521	31,576
Current maturities of long-term debt	964	134
Income taxes payable	1,868	2,035
Accrued compensation	10,985	5,755
Current obligation for noncontrolling owners' interest in subsidiaries and joint ventures	-	196
Other current liabilities	4,304	4,504
Total current liabilities	127,739	105,799
Long-term liabilities:		
Long-term debt, net of current maturities	36,810	8,331
Member's interest subject to mandatory redemption and undistributed earnings	22,837	23,989
Other long-term liabilities	734	2,105
Total long-term liabilities	60,381	34,425
Commitments and contingencies (Note 8)		
Equity:		
Sterling stockholders' equity:		
Preferred stock, par value \$0.01 per share; 1,000,000 shares authorized, none issued	-	-
Common stock, par value \$0.01 per share; 28,000,000 shares authorized, 18,802,879 and 16,657,754 shares issued	188	167
Additional paid in capital	205,534	190,926
Retained deficit	(64,846 )	(62,317 )
Accumulated other comprehensive income (loss)	(73 )	117
Total Sterling common stockholders' equity	140,803	128,893

Noncontrolling interests	6,145	3,901
Total equity	146,948	132,794
Total liabilities and equity	\$ 335,068	\$ 273,018

The accompanying notes are an integral part of these condensed consolidated financial statements.

STERLING CONSTRUCTION COMPANY, INC. & SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except share and per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenues	\$ 189,275	\$ 185,935	\$ 518,618	\$ 430,320
Cost of revenues	(180,919)	(177,576)	(489,894)	(437,211)
Gross profit (loss)	8,356	8,359	28,724	(6,891 )
General and administrative expenses	(9,326 )	(8,176 )	(27,316 )	(27,273 )
Other operating income (expense), net	(603 )	1,514	(4 )	1,965
Operating income (loss)	(1,573 )	1,697	1,404	(32,199 )
Gain (loss) on sale of securities	-	(11 )	-	472
Interest income	113	335	644	871
Interest expense	(211 )			