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 March 31, 2013

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	**20-4743916**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
2100 McKinney Avenue, Suite 1500	
Dallas, Texas	**75201**
(Address of Principal Executive Offices)	(Zip Code)

Registrant s telephone number, including area code: **(214) 740-5600**

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 x 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 May 7, 2013, 51,562,284 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

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share Amounts)

(Unaudited)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 141,527	$ 157,551
Short term investments	3,179	3,441
Customer retention deposits and restricted cash	27,371	35,377
Accounts receivable, net	249,621	268,095
Costs and estimated earnings in excess of billings	48,164	41,701
Inventory and uninstalled contract materials	37,917	37,193
Deferred tax assets	10,477	10,477
Prepaid expenses and other current assets	10,810	10,800
Total current assets	529,066	564,635
Property and equipment, net	195,258	184,840
Investment in non-consolidated entities	13,082	12,813
Intangible assets, net	50,984	51,978
Goodwill	118,964	116,941
Other long-term assets	1,181	
Total assets	$ 908,535	$ 931,207
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 105,876	$ 151,546
Billings in excess of costs and estimated earnings	160,944	158,892
Accrued expenses and other current liabilities	75,996	76,152
Dividends payable	1,547	
Current portion of capital leases	4,273	3,733
Current portion of long-term debt	20,944	19,446
Current portion of contingent earnout liabilities	18,728	10,900
Total current liabilities	388,308	420,669
Long-term capital leases, net of current portion	3,469	3,831
Long-term debt, net of current portion	136,764	128,367
Deferred tax liabilities	20,018	20,018
Long-term contingent earnout liabilities, net of current portion	5,897	12,531
Other long-term liabilities	9,913	13,153
Total liabilities	564,369	598,569
Commitments and contingencies		

Stockholders equity				
Common stock $.0001 par value, 90,000,000 shares authorized, 51,562,284 and 51,403,686 issued and outstanding at March 31, 2013 and December 31, 2012		5		5
Additional paid-in capital		158,639		155,605
Retained earnings		183,741		175,517
Noncontrolling interests		1,781		1,511
Total stockholders equity		344,166		332,638
Total liabilities and stockholders equity	$	908,535	$	931,207

See Accompanying Notes to Condensed Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Amounts)

(Unaudited)

	Three months ended March 31, 2013		Three months ended March 31, 2012	
Revenues	$	409,995	$	291,573
Cost of revenues		363,899		253,977
Gross profit		46,096		37,596
Selling, general and administrative expenses		28,619		20,274
Operating income		17,477		17,322
Other income (expense):				
Income from non-consolidated entities		269		1,101
Foreign exchange loss		(59)		(42)
Other expense		(56)		(208)
Interest income		40		22
Interest expense		(1,424)		(1,101)
Income before provision for income taxes		16,247		17,094
Provision for income taxes		(6,207)		(6,564)
Net income	$	10,040	$	10,530
Less net income attributable to noncontrolling interests	$	(270)	$	(44)
Net income attributable to Primoris	$	9,770	$	10,486
Earnings per share:				
Basic	$	0.19	$	0.21
Diluted	$	0.19	$	0.20
Weighted average common shares outstanding:				
Basic		51,456		51,096
Diluted		51,467		51,337

See Accompanying Notes to Condensed Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

(Unaudited)

	Three Months Ended March 31, 2013	2012
Cash flows from operating activities:		
Net income	$ 10,040	$ 10,530
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	9,490	6,424
Amortization of intangible assets	1,794	1,746
Loss (gain) on sale of property and equipment	48	(339)
Income from non-consolidated entities	(269)	(1,101)
Distributions received from non-consolidated entities		1,260
Changes in assets and liabilities:		
Customer retention deposits and restricted cash	8,006	(3,886)
Accounts receivable	18,174	38,297
Costs and estimated earnings in excess of billings	(6,463)	9,494
Inventory, prepaid expenses and other current assets	(232)	3,946
Other long-term assets	(381)	
Accounts payable	(46,557)	(20,141)
Billings in excess of costs and estimated earnings	2,052	(6,609)
Contingent earnout liabilities	356	208
Accrued expenses and other current liabilities	(99)	8
Other long-term liabilities	(3,240)	(12)
Net cash (used in) provided by operating activities	(7,281)	39,825
Cash flows from investing activities:		
Purchase of property and equipment	(19,550)	(5,188)
Proceeds from sale of property and equipment	1,222	3,935
Purchase of short-term investments	(2,939)	
Sale of short-term investments	3,201	23,000
Cash paid for acquisitions	(1,025)	(19,228)
Net cash (used in) provided by investing activities	(19,091)	2,519
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	16,116	
Repayment of capital leases	(1,002)	(6,058)
Repayment of long-term debt	(6,221)	(4,959)
Repayment of subordinated debt		(16,861)
Proceeds from issuance of common stock purchased by management under long-term incentive plan	1,455	1,240
Dividends paid		(1,532)
Net cash provided by (used in) financing activities	10,348	(28,170)
Net change in cash and cash equivalents	(16,024)	14,174
Cash and cash equivalents at beginning of the period	157,551	120,306
Cash and cash equivalents at end of the period	$ 141,527	$ 134,480

See Accompanying Notes to Condensed Consolidated Financial Statements

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SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	Three Months Ended March 31, 2013		Three Months Ended March 31, 2012	
	(Unaudited)			
Cash paid during the period for:				
Interest	$	1,259	$	951
Income taxes, net of refunds received	$	802	$	955
Components of cash paid for acquisition:				
Fair value of assets acquired	$	2,513	$	28,524
Estimated cash payments due sellers		(650)		(2,116)
Contingent liabilities		(838)		(6,200)
Common stock issued for acquisition				(980)
Cash paid for acquisition	$	1,025	$	19,228

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Three Months Ended March 31, 2013		Three Months Ended March 31, 2012	
	(Unaudited)			
Non-cash activities:				
Dividends declared and not yet paid	$	1,547	$	1,537

See Accompanying Notes to Condensed Consolidated Financial Statements

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PRIMORIS SERVICES CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars In Thousands, Except Per Share Amounts)

(Unaudited)

Note 1 Nature of Business

Organization and operations Primoris Services Corporation is a holding company of various subsidiaries, which 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, including large diameter pipeline systems. The Company s industrial, civil and engineering operations build and provide maintenance services to industrial facilities including power plants, petrochemical facilities, and other processing plants; construct multi-level parking structures; and engage in the construction of highways, bridges and other environmental construction activities. The Company is incorporated in the State of Delaware and in 2011 moved its corporate headquarters from Lake Forest, California to 2100 McKinney Avenue, Suite 1500, Dallas, Texas 75201.

The wholly-owned subsidiaries of Primoris include ARB, Inc. (ARB), ARB Structures, Inc., All Day Electric Company, Inc., OnQuest, Inc. (parent of OnQuest Canada, ULC, formerly Born Heaters Canada, ULC prior to January 1, 2013), Cardinal Contractors, Inc., Stellaris, LLC, James Construction Group LLC (JCG), Rockford Corporation (Rockford) and Primoris Energy Services Corporation (PES). Primoris has been acquisitive over the last several years expanding both service capabilities and geographic footprint. The acquisitions in 2012 included the purchase of Sprint Pipeline Services, L.P. (Sprint), the purchase of certain assets of Silva Contracting Company, Inc., Tarmac Materials, LLC and C3 Interest, LLC (collectively Silva), The Saxon Group (Saxon) and the acquisition of Q3C Contracting, Inc. (Q3C).

In 2011, the Company entered into a joint venture agreement and formed Blythe Power Constructors for the installation of a parabolic trough solar field and steam generation system in California.

On March 11, 2013, the Company s subsidiary, PES, purchased the assets of Force Specialty Services Inc. (FSSI) which specializes in turn-around work at refineries and chemical plants in the Gulf Coast area.

Unless specifically noted otherwise, as used throughout these consolidated financial statements, Primoris , the Company , we , our , us or its to the business, operations and financial results of the Company and its wholly-owned subsidiaries.

Note 2 Basis of Presentation

Interim Consolidated Financial Statements The interim condensed consolidated financial statements for the three-month periods ended March 31, 2013 and 2012 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 March 31, 2013 (the First Quarter 2013 Report) should be read in concert with the Company s Annual Report on Form 10-K, filed on March 7, 2013, which contains the Company s audited consolidated financial statements for the year ended December 31, 2012.

The interim financial information for the three-month periods ended March 31, 2013 and 2012 is unaudited and has been prepared on the same basis as the audited consolidated financial statements. However, the financial statements contained in this First Quarter 2013 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.

Revenue recognition Historically, substantial portions of the Company s revenues have been generated under fixed-price contracts. Fixed-price contracts carry certain inherent risks, including underestimation of costs, problems with new technologies and economic and other changes that may occur over the contract period. For fixed-price contracts, the Company recognizes revenues using the percentage-of-completion method, which may result in uneven and irregular results. Unforeseen events and circumstances can alter the estimate of the costs and potential profit associated with a particular contract. Total estimated costs, and thus contract revenues and income, can be impacted by changes in any of the following: productivity, scheduling, the unit cost of labor, subcontracts, materials and equipment. 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. To the extent that original cost estimates are modified, estimated costs to complete increase, delivery schedules are delayed, or progress under a contract is otherwise impeded, cash flow, revenue recognition and profitability from a particular contract may be adversely affected.

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In the percentage-of-completion method, estimated revenues and resulting contract income is calculated based on the total costs incurred to date as a percentage of total estimated costs. If an estimate of total contract cost indicates a loss on a contract, the projected loss is recognized in full at the time of the estimate. The full loss amount is recognized as an accrued loss provision on the balance sheet. As the percentage-of-completion method is used to calculate revenues, the accrued loss provision is changed so that the gross profit for the contract is zero.

Other contract forms In addition, the Company also uses unit-price, time and material, and cost reimbursable plus fee contracts. For these jobs, revenue is recognized based on contractual terms. For example, time and material contract revenues are recognized based on purchasing and employee time records. Similarly, unit price contracts recognize revenue based on accomplishment of specific units at a specified unit price.

For all of its contracts, the Company includes the provision for estimated losses on uncompleted contracts in accrued expenses. Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and income. These revisions are recognized in the period in which the revisions are determined. Claims are included in revenues when realization is probable and amounts can be reliably determined. Revenues in excess of contract costs incurred on claims are recognized only when the amounts have been paid.

The caption *Costs and estimated earnings in excess of billings* represents unbilled receivables which arise when revenues have been recorded but the amount cannot be billed under the terms of the contract until a later date. Balances may represent: (a) unbilled amounts arising from the use of the percentage-of-completion method of accounting, (b) incurred costs to be billed under cost reimbursement type contracts, or (c) amounts arising from routine lags in billing. For those contracts in which billings exceed contract revenues recognized to date, excesses are included in the caption *Billings in excess of costs and estimated earnings*.

The Company considers unapproved change orders to be contract variations for which we have customer approval for a change in scope but for which we do not have an agreed upon price change. Costs associated with unapproved change orders are included in the estimated cost to complete the contracts and are treated as project costs as incurred. The Company recognizes revenue equal to costs incurred on unapproved change orders when realization of price approval is probable and the estimated revenue amount is equal to or greater than the costs related to the unapproved change order. Unapproved change orders involve the use of estimates, and it is reasonably possible that revisions to the estimated costs and recoverable amounts may be required in future reporting periods to reflect changes in estimates or final agreements with customers.

The Company considers claims to be amounts Primoris seeks, or will seek, to collect from customers or others for customer-caused changes in contract specifications or design, or other customer-related causes of unanticipated additional contract costs on which there is no agreement with customers on both scope and price changes. Revenue from claims is recognized when agreement is reached with customers as to the value of the claims, which in some instances may not occur until after completion of work under the contract. Costs associated with claims are included in the estimated costs to complete the contracts and are treated as project costs when incurred.

In accordance with applicable terms of construction contracts, certain retainage amounts may be withheld by customers until completion and acceptance of the project. Final payments of the majority of retainage may not be made until the following operating cycle.

Significant revision in contract estimate As previously discussed, revenue recognition is based on the percentage-of-completion method for firm fixed-price contracts. Under this method, the costs incurred to date as a percentage of total estimated costs are used to calculate the revenue to be recognized. Total estimated costs, and thus contract income, are impacted by many factors.

For projects that were in process in the prior year, but are either completed or continue to be in process during the current year, there can be a difference in revenues and profits related to the prior year, had current year estimates of costs to complete been known in the prior year.

Customer Concentration The Company operates in multiple industry segments encompassing the construction of commercial, industrial and public works infrastructure assets throughout primarily the United States. Typically, the top ten customers in any one calendar year generate revenues in excess of 50% of total revenues and consist of a different group of customers in each year. During the three months ending March 31, 2013, revenues generated by the top ten customers were $227 million, which represented 55.4% of total revenues during the period. During that period, a large gas and electric utility represented 8.5% of total revenues and a large pipeline company represented 7.3% of total revenues.

During the three months ending March 31, 2012, revenues generated by the top ten customers were $179 million, which represented 61.5% of total revenues during the period. During the period, the Louisiana DOT represented 15.2% of total revenues and a large gas and electric utility represented 11.7% of total revenues.

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At March 31, 2013, approximately 8.2% of the Company s accounts receivable were due from one customer, and that customer provided 7.3% of the Company s revenues for the three months ended March 31, 2013.

Multiemployer Plans The Company participates and contributes to a number of multiemployer benefit plans for its union employees at rates determined by the various collective bargaining agreements. Each plan s trustees determine the eligibility and allocations of contributions and benefit amounts, determine the types of benefits and administer the plan. The potential withdrawal obligation may be significant. Any withdrawal liability would be recorded when it is probable that a liability exists and can be reasonably estimated, in accordance with GAAP. In November 2011, the Company withdrew from the Central States Southeast and Southwest Areas Pension Fund multiemployer pension plan. The Company recorded the liability, and as of March 31, 2013, the withdrawal liability amounts to $7.5 million on the balance sheet. The Company has no plans to withdraw from any other agreements. See Note 18 Commitments and Contingencies.

Note 3 Recent Accounting Pronouncements

In January 2013, the FASB issued ASU 2013-01, which clarifies which instruments and transactions are subject to the offsetting disclosure requirements established by ASU 2011-11*, Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities* . The ASU is effective for the fiscal years beginning on or after January 1, 2013, and interim periods within. Retrospective application is required for any period presented that begins before the entity s initial application of the new requirements. The adoption of this guidance did not have a material impact on the Company s financial statements.

In February 2013, the FASB issued ASU 2013-04, Liabilities (Topic 405): *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (a consensus of the FASB Emerging Issues Task Force)* (ASU 2013-04). ASU 2013-04 provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. This ASU is an update to FASB ASC Topic 405, *Liabilities* . The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The Company is currently evaluating the impact of this guidance on its 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 non-recurring basis.

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.

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The following table presents, for each of 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 March 31, 2013 and December 31, 2012:

[redacted]

Assets as of March 31, 2013:						
Cash and cash equivalents	$	141,527	$	141,527		
Short-term investments	$	3,179	$	3,179		
Liabilities as of March 31, 2013:						
Contingent consideration	$				$	24,625
Assets as of December 31, 2012:						
Cash and cash equivalents	$	157,551	$	157,551		
Short-term investments	$	3,441	$	3,441		
Liabilities as of December 31, 2012:						
Contingent consideration	$				$	23,431

Short-term investments consist primarily of Certificates of Deposit (CDs) purchased through the CDARS (Certificate of Deposit Account Registry Service) process and U.S. Treasury bills with various financial institutions that are backed by the federal government FDIC program.

Other financial instruments of the Company consist of accounts receivable, accounts payable and certain accrued liabilities. These financial instruments generally approximate fair value based on the 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.

The following table provides a rollforward of the Company s contingent consideration liability (see Note 13 Contingent Earnout Liabilities) level three fair value measurements during the three months ended March 31, 2013:

		Significant Unobservable Inputs (Level 3)
Contingent Consideration		
Balance at December 31, 2012	$	23,431
Additions:		
FSSI acquisition on March 11, 2013		838
Change in fair value of contingent consideration		356
Balance at March 31, 2013	$	24,625

Contingent consideration amounts, included as a liability on the balance sheet at December 31, 2012, for the Rockford and the Sprint earnout targets were settled in April 2013 with payments of $6,900 and $4,000, respectively.

On a quarterly basis, the Company assesses the estimated fair value of the contractual obligation to pay the contingent consideration and any changes in estimated fair value are recorded as a non-operating charge in the Company s statement of operations. Fluctuations in the fair value of contingent consideration are impacted by two unobservable inputs, management s estimate of the probability (which are greater than 50%) of the acquired company meeting the contractual operating performance target and the estimated discount rate (a rate that approximates the Company s cost of capital). Significant increases (decreases) in either of those inputs in isolation would result in a significantly higher (lower) fair value measurement. Generally, a change in the assumption used for the probability of meeting the performance target is accompanied by a directionally similar change in the fair value of contingent consideration liability, whereas a change in assumption used for the estimated discount rate is accompanied by a directionally opposite change in the fair value of contingent consideration liability.

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Note 5 Accounts Receivable

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

	March 31, 2013	December 31, 2012
Contracts receivable, net of allowance for doubtful accounts of $456 for March 31, 2013 and $432 for December 31, 2012	$ 207,442	$ 227,548
Retention	41,834	39,710
	249,276	267,258
Other accounts receivable	345	837
	$ 249,621	$ 268,095

Note 6 Costs and Estimated Earnings on Uncompleted Contracts

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

	March 31, 2013	December 31, 2012
Costs incurred on uncompleted contracts	$ 3,334,793	$ 3,882,968
Provision for estimated loss on uncompleted contracts	593	764
Gross profit recognized	390,956	448,928
	3,726,342	4,332,660
Less: billings to date	(3,839,122)	(4,449,851)
	$ (112,780)	$ (117,191)

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

	March 31, 2013	December 31, 2012
Costs and estimated earnings in excess of billings	$ 48,164	$ 41,701
Billings in excess of costs and estimated earnings	(160,944)	(158,892)
	$ (112,780)	$ (117,191)

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), with Kealine Holdings, LLC (Kealine), a Nevada limited liability company. Kealine holds 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 require unanimous approval from a management committee equally represented by Kealine and us. The Company believes the ownership interest in WesPac broadens our exposure to a variety of pipeline, terminal and energy-related infrastructure opportunities across North America.

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

	March 31, 2013		December 31, 2012	
Balance sheet data				
Assets	$	16,397	$	16,896
Liabilities		756		1,063
Net assets	$	15,641	$	15,833
Company s equity investment in venture	$	11,367	$	11,463

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	Three months ended March 31, 2013	2012
Earnings data:		
Revenue	$ 39	$ 400
Expenses	$ 231	$ 216
Earnings before taxes	$ (192)	$ 184
Company s equity in earnings	$ (96)	$ 92

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 $0 and $4,200 to its equity holders during the three months ended March 31, 2013 and 2012, respectively, of which, the Company s share, as calculated under the joint venture agreement, was $0 and $1,260 for the same periods in 2013 and 2012, respectively. There was no activity in the three month period ended March 31, 2013. The following is a summary of the financial position and results as of and for the periods ended:

	March 31, 2013	December 31, 2012
Balance sheet data		
Assets	$ 592	$ 592
Liabilities	86	86
Net assets	$ 506	$ 506
Company s equity investment in venture	$ 150	$ 150

	Three months ended March 31, 2013	2012
Earnings data:		
Revenue	$	$ 3,435
Expenses	$	$ 72
Earnings before taxes	$	$ 3,363
Company s equity in earnings	$	$ 1,009

Alvah, Inc.

On November 17, 2012, the Company acquired a 49% membership interest in Alvah, Inc., a California corporation (Alvah), as part of the acquisition of Q3C. Alvah is engaged in electrical contracting activities, primarily in Northern California and worked as a subcontractor for ARB prior to and after the acquisition. In December 2012, Alvah distributed $200, of which the Company s share was $98. During the three months ending March 31, 2013, payments made to Alvah as a subcontractor by ARB and Q3C were $1,486 and $1,245, respectively. For the same period in the prior year, payments were $212 and $118, respectively. The following is a summary of the financial position and results as of and for the period ended:

	March 31, 2013	December 31, 2012
Balance sheet data		
Assets	$ 2,880	$ 2,177
Liabilities	1,166	1,208
Net assets	$ 1,714	$ 969
Company s equity investment in venture	$ 1,565	$ 1,200

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	Three months ended March 31, 2013		2012
Earnings data:			
Revenue	$	2,716	$
Expenses	$	1,971	$
Earnings before taxes	$	745	$
Company s equity in earnings	$	365	$

Note 8 Business Combinations

2013 Acquisition - FSSI

On March 11, 2013, the Company s subsidiary, PES, purchased the assets of Force Specialty Services Inc. (FSSI) which specializes in turn-around work at refineries and chemical plants in the Gulf Coast area. Based in the greater Houston, Texas area, FSSI s location provides a presence and convenient access to refineries in south Texas, the Houston ship channel and Louisiana.

The fair value of the consideration for the acquisition amounted to $2,513. The consideration consisted of cash of $1,025 paid the sellers on the closing date and PES expects to pay an additional $650 in the second quarter 2013. The agreement provides for other payments, contingent upon FSSI meeting certain operating performance targets for the remainder of calendar year 2013 and for the twelve months ending December 31, 2014 and 2015.

The contingent consideration consists of additional payments of (1) $500 in cash for the achievement of pretax income of at least $553 for the remainder of the year ending December 31, 2013; (2) a payment of $500 in cash if pretax income for the year 2014 is at least $2,502; and (3), a payment of $500 in cash if pretax income for the year 2015 is at least $4,227. The estimated fair value of the potential contingent consideration on the acquisition date and March 31, 2013 was $838.

Finally, the acquisition includes an agreement for a key employee whereby PES will pay $1,000 for a five-year employment, non-competition and non-solicitation agreement. If the employee violates the agreement or terminates his employment prior to the end of the five-year period, he is required to repay the unamortized amount of the $1,000 payment. We will account for this agreement as a current and long-term prepaid asset and will amortize it equally over the five-year period.

The acquisition was accounted for using the acquisition method of accounting. The assets acquired and liabilities assumed were measured at their estimated fair value at the acquisition date. The estimates are preliminary and subject to change. The final determination of the fair value of the assets acquired and liabilities assumed, primarily the estimated intangible assets, has not been completed because of the short period of time from the date of the FSSI acquisition to the end of the quarter. The FSSI purchase was included in the Company s consolidated balance sheet as of March 31, 2013. FSSI contributed revenues of $483 and gross profit of $128 during the period subsequent to March 11, 2013.

As part of the asset purchase agreement, the Company received $302 in small tools inventory, $448 in property, plant and equipment, and recorded accounts payable of $1,060.

The customer relationships were valued at $500 utilizing the excess earnings method of the income approach. The estimated discounted cash flows associated with existing customers and projects were based on historical and market participant data. Such discounted cash flows were net of fair market returns on the various tangible and intangible assets that are necessary to realize the potential cash flows.

The fair value of the tradename of $300 was determined based on the relief from royalty method. A royalty rate was selected based on consideration of several factors, including external research of third party tradename licensing agreements and their royalty rate levels, and management estimates. The useful life was estimated at five years based on management s expectation for continuing value of the tradename in the future.

Goodwill of $2,023 largely consists of expected benefits from the greater presence and convenient access to south Texas, the Houston ship channel and Louisiana and FSSI s expertise in turn-around work for refineries and chemical plants. Goodwill also includes the value of the assembled workforce of the FSSI business. Based on the current tax treatment of the FSSI acquisition, goodwill and other intangible assets are deductible for income tax purposes over a fifteen-year period.

2012 Acquisition - Sprint Pipeline Services, L.P.

The March 12, 2012 acquisition of Sprint was accounted for using the acquisition method of accounting. The fair value of the consideration transferred to the sellers totaled $28,377, and included Company stock valued at $980 (or 62,052 shares of our restricted common stock) and contingent consideration of $6,200.

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If income before interest, taxes, depreciation and amortization (EBITDA) for 2012, as defined in the purchase agreement, was at least $7,000, we agreed to pay $4,000 in cash to the sellers. The earnout target was achieved in 2012 and the $4,000 liability is reflected on the balance sheet at both December 31, 2012 and March 31, 2013, and was paid in April 2013.

The 2013 earnout target provides for an additional cash payment of $4,000 to the sellers if 2013 EBITDA is at least $7,750. The estimated fair value of the 2013 potential contingent consideration as of the acquisition date was $2,745 and at March 31, 2013 and December 31, 2012, the estimated fair value was $3,109 and $3,020, respectively.

2012 Acquisition - Silva Companies

The May 30, 2012 acquisition of Silva Contracting Company, Inc., Tarmac Materials, LLC and C3 Interests, LLC (collectively Silva) was accounted for using the acquisition method of accounting. The fair value of the consideration transferred to the sellers was $14,090.

2012 Acquisition - The Saxon Group

The September 28, 2012 acquisition of The Saxon Group (Saxon) was accounted for using the acquisition method of accounting. The fair value of the consideration transferred to the sellers was $550 in cash, paid off a note for $2,429, and provided contingent consideration valued at $1,950 for total consideration of $4,929.

The contingent consideration included an earnout where the Company would pay $2,500 to the sellers, contingent upon Saxon meeting one of the following two targets: (1) EBITDA for the fifteen month period ending December 31, 2013 of at least $4,000 or; (2) EBITDA for the twenty-one month period ending June 30, 2014 of at least $4,750. The estimated fair value of the potential contingent consideration on the acquisition date was $1,950. The estimated fair value was $2,106 and $2,028 at March 31, 2013 and December 31, 2012, respectively.

2012 Acquisition Q3 Contracting

The November 17, 2012 acquisition of Q3C was accounted for using the acquisition method of accounting. The fair value of the consideration transferred to the sellers totaled $55,994, and included a cash payment of $48,116, a contingent earnout with a fair value of $7,448 and a commitment to issue $430 in Company common stock, based on the average December 2012 closing price, or 29,273 shares of unregistered stock, which were provided to the sellers in January 2013.

The contingent consideration included an earnout where the Company would pay additional cash to the sellers, contingent upon Q3C meeting certain operating performance targets. The targets are based on the achievement of meeting certain levels of Q3C s EBITDA. The targets are as follows:

1. If EBITDA for the period November 18, 2012 through December 31, 2013 is at least $17,700, the Company agreed to pay $3,750 in cash to the sellers, with an additional cash payment of $1,250 if EBITDA exceeds $19,000.

2. If EBITDA for the calendar year 2014 is at least $19,000, the Company agreed to pay $3,750 in cash to the sellers, with an additional cash payment of $1,250 if EBITDA exceeds $22,000.

The fair value of the contingent consideration was estimated to be $7,450 as of the purchase date and is included on the Company s balance sheet as a liability. The fair value is based on management s evaluation of the probability of Q3C meeting the EBITDA targets for the two periods, discounted at the Company s estimated average cost of capital. The estimated fair value at March 31, 2013 and December 31, 2012 was $7,672 and $7,490, respectively.

Supplemental Unaudited Pro Forma Information for the three months ended March 31, 2013 and 2012

In accordance with ASC Topic 805 we are combining the FSSI, Sprint, Silva, Saxon and Q3C acquisition (the Acquisitions) information. The following pro forma information for the three months ended March 31, 2013 and 2012 presents the combined results of operations of the Acquisitions combined, as if the Acquisitions had each occurred at the beginning of 2012. 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 allocations;

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- the pro forma impact of the expense associated with the amortization of the discount for the fair value of the contingent consideration for potential earnout liabilities that may be achieved in 2013 for the Sprint acquisition and 2013 or 2014 for the Saxon and Q3C acquisitions;

- the pro forma tax effect of both the income before income taxes and the pro forma adjustments, calculated using a tax rate of 39.0% for the three months ended March 31, 2012 and the applicable periods in 2013; and

- the pro forma increase in weighted average shares outstanding including 62,052 unregistered shares of common stock issued as part of the Sprint acquisition and the 29,273 shares of unregistered shares of common stock issued as part of the Q3C acquisition.

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 Acquisitions been completed on January 1, 2012. The pro forma results do not reflect any operating efficiencies and associated cost savings that the Company might have achieved with respect to the combined companies.

	Three months ended March 31,			
	2013		2012	
Revenues		412,794		318,415
Income before provision for income taxes		16,162		14,241
Net income attributable to Primoris		9,718		8,746
Weighted average common shares outstanding:				
Basic		51,456		51,145
Diluted		51,467		51,386
Earnings per share:				
Basic	$	0.19	$	0.17
Diluted	$	0.19	$	0.17

Note 9 Intangible Assets

At March 31, 2013 and December 31, 2012, intangible assets totaled $52,184 and $51,978, respectively, net of amortization. The March 31, 2013 balance includes the effect of the FSSI acquisition (See Note 8). The table below summarizes the intangible asset categories, amounts and the average amortization periods, which are generally on a straight-line basis, as follows:

	Amortization Period		March 31, 2013		December 31, 2012
Tradename	3 to 10 years	$	22,828	$	23,586
Non-compete agreements	2 to 5 years	$	4,023	$	4,130

Customer relationships	5 to 15 years	$	24,133	$	24,212
Backlog	0.75 years	$		$	50
Total		$	50,984	$	51,978

Amortization expense of intangible assets was $1,794 and $1,746 for the three months ended March 31, 2013 and 2012, respectively. Estimated amortization expense for intangible assets is as follows:

For the Years Ending December 31,		**Estimated Intangible Amortization Expense**
2013 (remaining nine months)	$	4,632
2014		7,316
2015		7,046
2016		6,126
2017		5,769
Thereafter		20,095
	$	50,984

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Note 10 Accounts Payable and Accrued Liabilities

At March 31, 2013 and December 31, 2012, accounts payable included retention amounts of approximately $13,326 and $15,946, respectively. These amounts due to subcontractors have been retained pending contract completion and customer acceptance of jobs.