

INFRASOURCE SERVICES INC
Form 10-Q
June 15, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2004

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 001-32164

INFRASOURCE SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

03-0523754
(I.R.S. Employer
Identification No.)

Edgar Filing: INFRASOURCE SERVICES INC - Form 10-Q

500 West Dutton Mill Road, Aston, PA
(Address of principal executive offices)

19014
(Zip Code)

(610) 619-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At June 11, 2004, there were 39,167,157 shares of InfraSource Services, Inc. Common Stock, par value of \$.001, outstanding.

For the Quarter Ended March 31, 2004

FORM 10-Q

INFRASOURCE SERVICES, INC. AND SUBSIDIARIES

Table of Contents

Part I - FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Financial Statements (Unaudited)</u>	
	<u>Condensed Consolidated Balance Sheets at March 31, 2004 and December 31, 2003</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Operations for the period January 1, 2003 to March 21, 2003 (predecessor entity InfraSource Incorporated and Subsidiaries) and the three months ended March 31, 2004</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Cash Flows for the period January 1, 2003 to March 21, 2003 (predecessor entity InfraSource Incorporated and Subsidiaries) and the three months ended March 31, 2004</u>	<u>4</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5 - 15</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>16 - 23</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>24</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>24</u>
<u>PART II - OTHER INFORMATION</u>		
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>25</u>
<u>Item 2.</u>	<u>Changes in Securities and Use of Proceeds</u>	<u>25 - 26</u>
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	<u>26</u>
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u>	<u>26</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>26</u>

Edgar Filing: INFRASOURCE SERVICES INC - Form 10-Q

<u>Item 6.</u>	<u>Exhibits and Reports on Form 8-K</u>	<u>26</u>
<u>SIGNATURES</u>		<u>27</u>

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INFRASOURCE SERVICES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands, except share data)

	December 31, 2003	March 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,080	\$ 16,110
Contract receivables (less allowances for doubtful accounts of \$4,057 and \$4,057, respectively)	70,905	79,904
Contract receivables due from related parties	14,617	
Costs and estimated earnings in excess of billings	34,003	58,217
Inventories	8,473	9,356
Deferred income taxes	685	2,236
Other current assets	4,822	17,042
Due from related parties, net	10,907	
Current assets - discontinued operations	4,262	4,101
Total current assets	160,754	186,966
Property and equipment (less accumulated depreciation of \$5,299 and \$10,618, respectively)	116,566	125,140
Property and equipment - related parties	7,218	
Goodwill	68,877	128,426
Intangible assets (less accumulated amortization of \$2,600 and \$7,147, respectively)	5,400	12,353
Deferred charges and other assets, net	7,309	12,765
Deferred income taxes	1,058	
Noncurrent assets - discontinued operations	395	332
Total assets	\$ 367,577	\$ 465,982
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 1,500	\$ 1,438
Revolving credit facility borrowings		5,000
Accounts payable	13,244	26,808
Other current and accrued liabilities	42,701	38,058
Accrued insurance reserves	19,773	20,368
Billings in excess of costs and estimated earnings	8,019	6,330

Edgar Filing: INFRASOURCE SERVICES INC - Form 10-Q

Deferred revenues	3,393	3,623
Other liabilities - related parties	7,218	
Current liabilities - discontinued operations		134
Total current liabilities	95,848	101,759
Long-term debt and capital lease obligations	162,963	163,217
Long-term debt - related party		1,000
Deferred revenues	12,750	16,571
Deferred income taxes		5,549
Other long-term liabilities	3,167	5,364
Total liabilities	274,728	293,460
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.0001 par value (authorized - 12,000,000 shares; 0 shares issued and outstanding)		
Common stock, \$.001 par value (authorized - 120,000,000 shares; issued and outstanding - 19,914,840 and 30,177,610, respectively)	20	30
Additional paid-in capital	91,480	169,663
Retained earnings	1,335	2,407
Accumulated other comprehensive income	14	422
Total shareholders' equity	92,849	172,522
Total liabilities and shareholders' equity	\$ 367,577	\$ 465,982

See accompanying notes to condensed consolidated financial statements.

INFRASOURCE SERVICES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands, except per share data)

	For the Period January 1 to March 21, 2003 (Predecessor entity - InfraSource Incorporated and Subsidiaries) (Note 1)	Three Months Ended March 31, 2004
Contract revenues	\$ 96,923	\$ 148,621
Contract revenues - related parties	13,679	
Total contract revenues	110,602	148,621
Cost of revenues	97,183	123,344
Gross profit	13,419	25,277