

Willbros Group, Inc.\NEW\
Form 10-Q/A
December 15, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q/A

(Amendment No. 1)
(Mark One)

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

For the quarterly period ended March 31, 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 1-34259
Willbros Group, Inc.
Exact name of registrant as specified in its charter)

Delaware 30-0513080
(Jurisdiction (I.R.S. Employer
of incorporation) Identification Number)
4400 Post Oak Parkway
Suite 1000
Houston, TX 77027
Telephone No.: 713-403-8000
(Address, including zip code, and telephone number, including area code, of principal executive offices of registrant)
NOT APPLICABLE
(Former name, former address and former fiscal year, if change since 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 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 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

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

The number of shares of the registrant's Common Stock, \$.05 par value, outstanding as of May 1, 2014 was 50,044,524.

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 FOR QUARTER ENDED MARCH 31, 2014

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EXPLANATORY NOTE

The Company is filing this Amendment No. 1 ("Form 10-Q/A") to its Form 10-Q for the quarterly period ended March 31, 2014, which was originally filed on May 6, 2014 ("Original Filing") to restate its Condensed Consolidated Financial Statements for the quarterly period ended March 31, 2014 and to amend related disclosures, including its disclosure controls and procedures.

As described in more detail in Note 2 of the Notes to its Condensed Consolidated Financial Statements, in the fourth quarter of 2014, the Company identified errors in the estimated total revenues, costs and profits at completion for two significant pipeline construction projects accounted for under the percentage-of-completion method of accounting within its Oil & Gas segment. As a result of these errors, additional pre-tax charges, including the reversal of previously recognized pre-tax income and the recognition of additional pre-tax losses, should have been recorded in the quarterly period ended March 31, 2014. The accounting for the correction of these errors, giving consideration to all project information to date, resulted in the earlier recognition of an \$18.8 million charge to reduce contract profitability for the quarterly period ended March 31, 2014, of which \$17.9 million was previously recognized during the quarterly period ended June 30, 2014. To correct these errors and to address matters related to the foregoing with respect to its disclosure controls and procedures, the Company determined that it must file this Form 10-Q/A to restate its previously issued Condensed Consolidated Financial Statements for the quarterly period ended March 31, 2014.

The Company determined that a material weakness in its internal control over financial reporting existed over the completeness and accuracy of estimated total revenues, costs and profits at completion for construction contracts accounted for under the percentage-of-completion method of accounting within its Oil & Gas segment as of March 31, 2014. Specifically, the Company did not adequately perform project oversight reviews and monitor compliance with its policies and procedures

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around estimating total revenues, costs and profits at completion for two significant pipeline construction projects. The effects of this material weakness are discussed in more detail in Item 4. Controls and Procedures.

For the convenience of the reader, this Form 10-Q/A sets forth the Original Filing in its entirety. However, this Form 10-Q/A amends and restates only the following items of the Original Filing and only with respect to the matters affected by this restatement and the matters discussed above:

Item 1 of Part I, "Financial Information";

Item 2 of Part I, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Forward-Looking Statements";

Item 4 of Part I, "Controls and Procedures";

Item 6 of Part II, "Exhibits"; and

The signature page, the certifications of our Chief Executive Officer and Chief Financial Officer and our condensed consolidated financial statements formatted in Extensible Business Reporting Language (XBRL) in Exhibits 101.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WILLBROS GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

(Unaudited)

	March 31, 2014 (As Restated)	December 31, 2013	
ASSETS			
Current assets:			
Cash and cash equivalents	\$53,877	\$42,569	
Accounts receivable, net	364,513	383,461	
Contract cost and recognized income not yet billed	97,925	57,431	
Prepaid expenses and other assets	29,091	25,008	
Parts and supplies inventories	5,227	4,355	
Deferred income taxes	10,278	10,323	
Assets associated with discontinued operations	15,999	58,723	
Total current assets	576,910	581,870	
Property, plant and equipment, net	108,675	111,566	
Intangible assets, net	139,410	143,139	
Other assets	31,184	34,093	
Total assets	\$856,179	\$870,668	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	\$272,039	\$259,060	
Contract billings in excess of cost and recognized income	49,202	25,933	
Current portion of capital lease obligations	845	890	
Notes payable and current portion of long-term debt	6,335	6,505	
Current portion of settlement obligation of discontinued operations	36,500	36,500	
Accrued income taxes	6,698	10,022	
Liabilities associated with discontinued operations	13,411	10,130	
Other current liabilities	5,483	5,846	
Total current liabilities	390,513	354,886	
Long-term debt	245,749	268,425	
Capital lease obligations	1,165	1,388	
Long-term liabilities for unrecognized tax benefits	1,442	4,544	
Deferred income taxes	12,212	9,066	
Other long-term liabilities	43,153	43,585	
Total liabilities	694,234	681,894	
Contingencies and commitments (Note 11)			
Stockholders' equity:			
Preferred stock, par value \$.01 per share, 1,000,000 shares authorized, none issued	—	—	
Common stock, par value \$.05 per share, 70,000,000 shares authorized and 51,302,630 shares issued at March 31, 2014 (50,930,303 at December 31, 2013)	2,557	2,543	
Capital in excess of par value	693,011	691,123	
Accumulated deficit	(526,908)	(501,918))
	(12,963)	(12,070))

Treasury stock at cost, 1,227,717 shares at March 31, 2014 (1,147,974 at December 31, 2013)		
Accumulated other comprehensive income	5,959	8,807
Total Willbros Group, Inc. stockholders' equity	161,656	188,485
Noncontrolling interest	289	289
Total stockholders' equity	161,945	188,774
Total liabilities and stockholders' equity	\$856,179	\$870,668
See accompanying notes to condensed consolidated financial statements.		

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WILLBROS GROUP, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except share and per share amounts)
 (Unaudited)

	Three Months Ended		
	March 31,		
	2014	2013	
	(As Restated)		
Contract revenue	\$500,899	\$487,359	
Operating expenses:			
Contract	466,124	447,517	
Amortization of intangibles	3,771	3,762	
General and administrative	38,029	37,638	
	507,924	488,917	
Operating loss	(7,025)	(1,558))
Other income (expense):			
Interest expense, net	(7,718)	(7,690))
Other, net	39	231)
	(7,679)	(7,459))
Loss from continuing operations before income taxes	(14,704)	(9,017))
Provision for income taxes	3,669	2,612	
Loss from continuing operations	(18,373)	(11,629))
Income (loss) from discontinued operations net of provision for income taxes	(6,617)	15,821)
Net income (loss)	\$(24,990)	\$4,192)
Basic income (loss) per share attributable to Company shareholders:			
Loss from continuing operations	\$(0.38)	\$(0.24))
Income (loss) from discontinued operations	(0.14)	0.33)
Net income (loss)	\$(0.52)	\$0.09)
Diluted income (loss) per share attributable to Company shareholders:			
Loss from continuing operations	\$(0.38)	\$(0.24))
Income (loss) from discontinued operations	(0.14)	0.33)
Net income (loss)	\$(0.52)	\$0.09)
Weighted average number of common shares outstanding:			
Basic	48,847,349	48,307,330	
Diluted	48,847,349	48,307,330	

See accompanying notes to condensed consolidated financial statements.

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WILLBROS GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2014	2013
	(As Restated)	
Net income (loss)	\$ (24,990	) \$ 4,192
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(2,063	) (1,001)
Changes in derivative financial instruments	(785	) 228
Total other comprehensive loss, net of tax	(2,848	) (773)
Total comprehensive income (loss)	\$ (27,838	) \$ 3,419
See accompanying notes to condensed consolidated financial statements.		

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WILLBROS GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended		
	March 31,		
	2014	2013	
	(As Restated)		
Cash flows from operating activities:			
Net income (loss)	\$ (24,990	) \$ 4,192	
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Loss (income) from discontinued operations	6,617	(15,821)
Depreciation and amortization	9,941	11,070	
Stock-based compensation	2,494	821	
Deferred income tax provision	3,177	64	
Amortization of debt issuance costs	156	1,354	
Non-cash interest expense	302	758	
Gain on disposal of property and equipment	(1,242	) (1,100)
Provision for bad debts	68	51	
Changes in operating assets and liabilities:			
Accounts receivable, net	15,649	(17,120)
Contract cost and recognized income not yet billed	(40,799	) 17,571	
Prepaid expenses and other assets	(4,135	) 13,167	
Accounts payable and accrued liabilities	13,968	(5,047)
Accrued income taxes	(3,073	) (3,554)
Contract billings in excess of cost and recognized income	23,384	(14,470)
Other assets and liabilities, net	(3,721	) (6,530)
Cash used in operating activities of continuing operations	(2,204	) (14,594)
Cash provided by (used in) operating activities of discontinued operations	17,266	(7,693)
Cash provided by (used in) operating activities	15,062	(22,287)
Cash flows from investing activities:			
Proceeds from sales of property, plant and equipment	1,742	798	
Proceeds from sale of subsidiary	21,152	38,900	
Purchase of property, plant and equipment	(3,635	) (2,646)
Cash provided by investing activities of continuing operations	19,259	37,052	
Cash used in investing activities of discontinued operations	—	(235)
Cash provided by investing activities	19,259	36,817	
Cash flows from financing activities:			
Proceeds from revolver and notes payable	—	5,722	
Payments on capital leases	(268	) (379)
Payments of revolver and notes payable	(19,097	) (59,413)
Payments on Term Loan Facility	(2,902) —	
Payments to reacquire common stock	(893	) (454)
Cost of debt issuance	—	(1,274)
Payments to noncontrolling interest owners	—	(3,100)
Cash used in financing activities of continuing operations	(23,160	) (58,898)
Cash used in financing activities of discontinued operations	(71) (86)
Cash used in financing activities	(23,231) (58,984)

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Effect of exchange rate changes on cash and cash equivalents	(823) (228)
Net increase (decrease) in cash and cash equivalents	10,267	(44,682)
Cash and cash equivalents of continuing operations at beginning of period	42,569	48,778	
Cash and cash equivalents of discontinued operations at beginning of period	1,041	5,602	
Cash and cash equivalents at beginning of period	43,610	54,380	
Cash and cash equivalents at end of period	53,877	9,698	
Less: cash and cash equivalents of discontinued operations at end of period	—	—	
Cash and cash equivalents of continuing operations at end of period	\$53,877	\$9,698	
Supplemental disclosures of cash flow information:			
Cash paid for interest (including discontinued operations)	\$7,037	\$5,925	
Cash paid for income taxes (including discontinued operations)	\$7,216	\$6,215	
See accompanying notes to condensed consolidated financial statements.			

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WILLBROS GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. The Company and Basis of Presentation

Willbros Group, Inc., a Delaware corporation, and its subsidiaries (the “Company,” “Willbros” or “WGI”), is a specialty energy infrastructure contractor serving the oil, gas, refinery, petrochemical and power industries. The Company’s offerings include engineering, procurement and construction (either individually or as an integrated “EPC” service offering), turnarounds, maintenance, facilities development and operations services. The Company’s principal markets for continuing operations are the United States and Canada. The Company obtains its work through competitive bidding and through negotiations with prospective clients. Contract values range from several thousand dollars to several hundred million dollars and contract durations range from a few weeks to more than two years.

The accompanying Condensed Consolidated Balance Sheet as of December 31, 2013, which has been derived from audited consolidated financial statements, and the unaudited Condensed Consolidated Financial Statements as of March 31, 2014 (restated) and 2013, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to those rules and regulations. However, the Company believes the presentations and disclosures herein are adequate to make the information not misleading. These restated unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Company’s December 31, 2013 audited Consolidated Financial Statements and notes thereto contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

In the opinion of management, the restated unaudited Condensed Consolidated Financial Statements reflect all adjustments necessary to fairly state the financial position as of March 31, 2014, and the results of operations and cash flows of the Company for all interim periods presented. The results of operations and cash flows for the three months ended March 31, 2014 are not necessarily indicative of the operating results and cash flows to be achieved for the full year.

The restated Condensed Consolidated Financial Statements include certain estimates and assumptions made by management. These estimates and assumptions relate to the reported amounts of assets and liabilities at the dates of the restated Condensed Consolidated Financial Statements and the reported amounts of revenue and expense during those periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, and parts and supplies inventories; quantification of amounts recorded for contingencies, tax accruals and certain other accrued liabilities; valuation allowances for accounts receivable and deferred income tax assets; and revenue recognition under the percentage-of-completion method of accounting, including estimates of progress toward completion and estimates of gross profit or loss accrual on contracts in progress. The Company bases its estimates on historical experience and other assumptions that it believes to be relevant under the circumstances. Actual results could differ from those estimates.

Out-of-Period Adjustments – The Company recorded out-of-period adjustments during the three months ended March 31, 2014 related to the calculation of its state tax provision and the overstatement of rent expense. The net impact of these adjustments was an increase to pre-tax loss, as restated, of \$0.2 million and a decrease to net loss from continuing operations, as restated, and net loss, as restated, of \$0.3 million for the three months ended March 31, 2014. The Company does not believe these adjustments are material, individually or in the aggregate, to its Condensed Consolidated Financial Statements for the three months ended March 31, 2014, nor does it believe such items are material to any of its previously issued annual or quarterly financial statements, or its expected 2014 annual financial statements.

2. Restatement of Previously Reported Condensed Consolidated Financial Statements

In the fourth quarter of 2014, the Company identified errors in the estimated total revenues, costs and profits at completion for two significant pipeline construction projects accounted for under the percentage-of-completion

method of accounting within its Oil & Gas segment. As a result of these errors, additional pre-tax charges, including the reversal of previously recognized pre-tax income and the recognition of additional pre-tax losses, should have been recorded in the quarterly period ended March 31, 2014. The accounting for the correction of these errors, giving consideration to all project information to date, resulted in the earlier recognition of an \$18.8 million charge to reduce contract profitability for the quarterly period ended March 31, 2014, of which \$17.9 million was previously recognized during the quarterly period ended June 30, 2014. To correct these errors and to address matters related to the foregoing with respect to its disclosure controls and procedures, the Company determined that it must file this Form 10-Q/A to restate its previously issued Condensed Consolidated Financial Statements for the quarterly period ended March 31, 2014.

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WILLBROS GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

2. Restatement of Previously Reported Condensed Consolidated Financial Statements (continued)

These errors, in addition to the correction of certain other immaterial errors, and the reversal of previously accrued bonuses, resulted in additional pre-tax charges of \$18.0 million for the three months ended March 31, 2014.

The following table summarizes the impact of the restatement on the Company's Condensed Consolidated Statement of Operations for the three months ended March 31, 2014 (in thousands):

	Three Months Ended March 31, 2014		
	As Reported	Restatement Adjustments	As Restated
Contract revenue	\$517,745	\$(16,846)	\$500,899
Operating expenses:			—
Contract	463,662	2,462	466,124
Amortization of intangibles	3,771	—	3,771
General and administrative	39,288	(1,259)	38,029
	506,721	1,203	507,924
Operating income (loss)	11,024	(18,049)	(7,025)
Other expense:			
Interest expense, net	(7,718)	—	(7,718)
Other, net	39	—	39
	(7,679)	—	(7,679)
Income (loss) from continuing operations before income taxes	3,345	(18,049)	(14,704)
Provision for income taxes	3,335	334	3,669
Income (loss) from continuing operations	10	(18,383)	(18,373)
Loss from discontinued operations net of provision for income taxes	(6,617)	—	(6,617)
Net loss	\$(6,607)	\$(18,383)	\$(24,990)
Basic income (loss) per share attributable to Company shareholders:			
Income (loss) from continuing operations	\$—	\$(0.38)	\$(0.38)
Loss from discontinued operations	(0.14)	—	(0.14)
Net loss	\$(0.14)	\$(0.38)	\$(0.52)
Diluted income (loss) per share attributable to Company shareholders:			
Income (loss) from continuing operations	\$—	\$(0.38)	\$(0.38)
Loss from discontinued operations	(0.13)	(0.01)	(0.14)
Net loss	\$(0.13)	\$(0.39)	\$(0.52)
Weighted average number of common shares outstanding:			
Basic	48,847,349	48,847,349	48,847,349
Diluted	49,744,068	48,847,349	48,847,349

The additional pre-tax charges of \$18.0 million for the three months ended March 31, 2014 includes the following:

A reduction in contract revenue of \$16.8 million which consists of a \$16.2 million reduction in previously recognized contract revenue for a significant pipeline construction project, a \$0.3 million reduction in previously recognized contract revenue for another significant pipeline construction project and a \$0.3 million reduction related to the erroneous recognition of an unapproved change order.

▲ \$1.2 million increase in operating expenses primarily due to the recognition of \$2.6 million in reserve for losses on a significant pipeline construction project and \$0.3 million in rent expense, partially offset by the reversal of \$1.7 million in previously accrued bonuses, which will no longer be paid in accordance with the Company's bonus plans,

due to the additional losses incurred.

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WILLBROS GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

2. Restatement of Previously Reported Condensed Consolidated Financial Statements (continued)

In addition to the pre-tax adjustments discussed above, the adjustment to income (loss) from continuing operations for the three months ended March 31, 2014 includes a \$0.3 million adjustment related to an additional tax provision recorded as a result of the decrease in bonus expense discussed above.

The following table summarizes the impact of the restatement on the Company's Condensed Consolidated Statement of Comprehensive Loss for the three months ended March 31, 2014 (in thousands):

	Three Months Ended March 31, 2014		
	As Reported	Restatement Adjustments	As Restated
Net loss	\$ (6,607	) \$(18,383	) \$(24,990)
Other comprehensive loss, net of tax			
Foreign currency translation adjustments	(2,063	) —	(2,063)
Changes in derivative financial instruments	(785	) —	(785)
Total other comprehensive loss, net of tax	(2,848) —	(2,848)
Total comprehensive loss	\$ (9,455) \$(18,383) \$(27,838)

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WILLBROS GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

2. Restatement of Previously Reported Condensed Consolidated Financial Statements (continued)

The following table summarizes the impact of the restatement on the Company's Condensed Consolidated Balance Sheet at March 31, 2014 (in thousands):

	As of March 31, 2014		
	As Reported	Restatement Adjustments	As Restated
ASSETS			
Current assets:			
Cash and cash equivalents	\$53,877	\$—	\$53,877
Accounts receivable, net	364,513	—	364,513
Contract cost and recognized income not yet billed	98,588	(663	) 97,925
Prepaid expenses and other assets	29,091	—	29,091
Parts and supplies inventories	5,227	—	5,227
Deferred income taxes	19,024	(8,746	) 10,278
Assets associated with discontinued operations	15,999	—	15,999
Total current assets	586,319	(9,409	) 576,910
Property, plant and equipment, net	108,675	—	108,675
Intangible assets, net	139,410	—	139,410
Other assets	31,184	—	31,184
Total assets	\$865,588	\$(9,409	) \$856,179
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	\$271,171	\$868	\$272,039
Contract billings in excess of cost and recognized income	33,019	16,183	49,202
Current portion of capital lease obligations	845	—	845
Notes payable and current portion of long-term debt	6,335	—	6,335
Current portion of settlement obligation of discontinued operations	36,500	—	36,500
Accrued income taxes	6,364	334	6,698
Liabilities associated with discontinued operations	13,411	—	13,411
Other current liabilities	5,483	—	5,483
Total current liabilities	373,128	17,385	390,513
Long-term debt	245,749	—	245,749
Capital lease obligations	1,165	—	1,165
Long-term liabilities for unrecognized tax benefits	1,442	—	1,442
Deferred income taxes	20,958	(8,746	) 12,212
Other long-term liabilities	42,818	335	43,153
Total liabilities	685,260	8,974	694,234
Total stockholders' equity	180,328	(18,383	) 161,945
Total liabilities and stockholders' equity	\$865,588	\$(9,409	) \$856,179

The net \$16.8 million decrease in contracts in progress consists of a \$16.2 million reduction in previously recognized contract revenue for a significant pipeline construction project, a \$0.3 million reduction in previously recognized contract revenue for another significant pipeline construction project and a \$0.3 million reduction related to the erroneous recognition of an unapproved change order.

The \$0.9 million increase in accounts payable and accrued liabilities primarily relates to a reserve for estimated losses on a significant pipeline construction project of \$2.6 million, partially offset by a \$1.7 million reduction related to the reversal of previously accrued bonuses.

The change in the Company's deferred tax accounts relates to the correction of its previously overstated valuation allowance.

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WILLBROS GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

2. Restatement of Previously Reported Condensed Consolidated Financial Statements (continued)

The increase in the other balance sheet accounts relates to a \$0.3 million increase in other long-term liabilities attributed to additional rent expense and a \$0.3 million increase in accrued income taxes attributed to an additional tax provision recorded as a result of the decrease in bonus expense discussed above.

The following table summarizes the impact of the restatement on the Company's Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2014 (in thousands):

	Three Months Ended March 31, 2014		
	As Reported	Restatement Adjustments	As Restated
Cash flows from operating activities:			
Net loss	\$ (6,607	) \$ (18,383	) \$ (24,990)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Loss from discontinued operations	6,617	—	6,617
Depreciation and amortization	9,941	—	9,941
Stock-based compensation	2,494	—	2,494
Amortization of debt issuance costs	156	—	156
Non-cash interest expense	302	—	302
Deferred income tax provision	3,177	—	3,177
Gain on disposal of property and equipment	(1,242	) —	(1,242)
Provision for bad debts	68	—	68
Changes in operating assets and liabilities:			
Accounts receivable, net	15,649	—	15,649
Contract cost and recognized income not yet billed	(41,462	) 663	(40,799)
Prepaid expenses and other assets	(4,135	) —	(4,135)
Accounts payable and accrued liabilities	13,100	868	13,968
Accrued income taxes	(3,407	) 334	(3,073)
Contract billings in excess of cost and recognized income	7,201	16,183	23,384
Other assets and liabilities, net	(4,056	) 335	(3,721)
Cash used in operating activities of continuing operations	(2,204	) —	(2,204)
Cash provided by operating activities of discontinued operations	17,266	—	17,266
Cash provided by operating activities	15,062	—	15,062
Cash provided by investing activities	19,259	—	19,259
Cash used in financing activities	(23,231	) —	(23,231)
Effect of exchange rate changes on cash and cash equivalents	(823	) —	(823)
Net increase in cash and cash equivalents	10,267	—	10,267
Cash and cash equivalents of continuing operations at beginning of period	42,569	—	42,569
Cash and cash equivalents of discontinued operations at beginning of period	1,041	—	1,041

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Cash and cash equivalents at beginning of period	43,610	—	43,610
Cash and cash equivalents at end of period	53,877	—	53,877
Less: cash and cash equivalents of discontinued operations at end of period	—	—	—
Cash and cash equivalents of continuing operations at end of period	\$53,877	\$—	\$53,877