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

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 4, 2014

Great Lakes Dredge & Dock Corporation
(Exact name of Registrant as specified in its charter)

Delaware	**001-33225**	**20-5336063**
(State or other jurisdiction of Incorporation or Organization)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

2122 York Road
Oak Brook, Illinois 60523
(Address of Principal Executive Offices)

(630) 574-3000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

Explanatory Note

This Form 8-K/A amends the Form 8-K filed by Great Lakes Dredge & Dock Corporation (the "Company") with the Securities and Exchange Commission on November 5, 2014 (the "Initial 8-K"), announcing, among other things, the acquisition of all of the shares (the "Acquisition") of Magnus Pacific Corporation, a California corporation ("Magnus"). As permitted under Items 9.01(a)(4) and 9.01(b)(2) of Form 8-K, the Initial 8-K did not include certain financial statements and pro forma financial information. The Company is filing this amendment to provide the (i) historical audited and unaudited financial information and (ii) unaudited pro forma financial information required to be filed under Item 9.01 of Form 8-K in connection with the Acquisition.

Item 2.01 Completion of Acquisition or Disposition of Assets.

This Form 8-K/A amends the Initial 8-K to include the financial statements and pro forma financial information required by Item 9.01 pertaining to the Acquisition. The information previously reported in Item 2.01 of the Initial 8-K is hereby incorporated by reference into this Form 8-K/A.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

The audited financial statements of Magnus for the year ended December 31, 2013, including the report of independent auditors.

The unaudited financial statements of Magnus including the balance sheet as of September 30, 2014 and the statements of operations and cash flows for the nine months ended September 30, 2014 and 2013 and the notes to the financial statements.

(b) Pro forma financial information.

The unaudited pro forma condensed combined financial information which describes the effect of the Acquisition on the Company's consolidated balance sheet and statements of operations, including:

The unaudited pro forma condensed combined balance sheet as of September 30, 2014, which gives effect to the Acquisition as if it occurred on that date; and

The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2014 and the year ended December 31, 2013, which give effect to the Acquisition as if it occurred on January 1, 2013.

(c) Shell company transactions.

Not applicable.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of Gallina LLP, independent auditors of Magnus Pacific Corporation and Affiliates
99.1	Audited financial statements of Magnus Pacific Corporation for the year ended December 31, 2013
99.2	Unaudited financial statements of Magnus Pacific Corporation as of September 30, 2014 and for the nine months ended September 30, 2014 and 2013
99.3	Unaudited pro forma condensed combined balance sheet of the Company and its subsidiaries as of September 30, 2014, and unaudited pro forma condensed combined statements of operations of the Company and its subsidiaries for the years ended September 30, 2014 and December 31, 2013, giving effect to the Acquisition

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	GREAT LAKES DREDGE & DOCK CORPORATION
Dated: January 20, 2015	By: /s/ Mark W. Marinko
	Name: Mark W. Marinko
	Title: Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibits

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Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statement No. 333-153207 on Form S-3 and Registration Statement Nos. 333-150067 and 333-185350 on Form S-8 of our report dated March 26, 2014, relating to the consolidated financial statements of Magnus Pacific Corporation and Affiliates, appearing in this Current Report on Form 8-K/A of Great Lakes Dredge & Dock Corporation.

/s/ Gallina LLP

Rancho Cordova, California
January 20, 2015

Exhibit 99.1

Magnus Pacific Corporation and Affiliates

Consolidated Financial Statements
and Additional Information
for the year ended December 31, 2013

Magnus Pacific Corporation and Affiliates
Consolidated Financial Statements and Additional Information
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GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors and Stockholders
Magnus Pacific Corporation and Affiliates
Roseville, California

We have audited the accompanying consolidated financial statements of Magnus Pacific Corporation and Affiliates, which comprise the consolidated balance sheet as of December 31, 2013, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Board of Directors and Stockholders
Magnus Pacific Corporation and Affiliates
Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Magnus Pacific Corporation and Affiliates as of December 31, 2013, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gallina LLP

Rancho Cordova, California
March 26, 2014

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Magnus Pacific Corporation and Affiliates
Consolidated Balance Sheet
December 31, 2013

Assets

Current assets:		
Cash		$ 1,682,837
Receivables:		
Contracts - current	$ 8,099,134	
Contracts - retention	3,425,254	
Other	549,848	
Total receivables		12,074,236
Costs and estimated gross profit in excess of billings on contracts in progress		3,078,112
Inventory		93,776
Prepaid expenses		169,084
Total current assets		17,098,045
Property and equipment, net		9,742,697
Other assets:		
Deposits	22,524	
Investment in joint ventures	1,282,033	
Total other assets		1,304,557
Total assets		$ 28,145,299

See accompanying notes.

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Magnus Pacific Corporation and Affiliates
Consolidated Balance Sheet
December 31, 2013

Liabilities and Stockholders' Equity

Current liabilities:		
Trade accounts payable:		
Current		$ 4,459,039
Subcontractor retentions		1,163,170
Total trade accounts payable		5,622,209
Accrued expenses		893,422
Accrued stockholder distributions		2,624,262
Billings in excess of costs and estimated gross profit on contracts in progress		133,652
Current maturities of long-term debt		1,235,231
Current maturities of capital lease obligations		546,226
Income taxes payable		66,438
Deferred income taxes		20,500
Total current liabilities		11,141,940
Long-term liabilities:		
Long-term debt, net of current maturities	$ 3,325,670	
Capital lease obligations, net of current maturities	201,219	
Total long-term liabilities		3,526,889
Total liabilities		14,668,829
Stockholders' equity:		
Common stock, no par value, 10,000 shares authorized, 6,144 shares issued and outstanding	6,144	
Additional paid-in capital	2,888,956	
Retained earnings	10,275,465	
Total stockholders' equity - Magnus Pacific Corporation		13,170,565
Noncontrolling interest		305,905
Total stockholders' equity		13,476,470
Total liabilities and stockholders' equity		$ 28,145,299

See accompanying notes.

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Magnus Pacific Corporation and Affiliates
Consolidated Statement of Income
for the year ended December 31, 2013

Contract revenue		$ 87,592,002
Contract costs:		
Labor and labor costs	$ 17,791,879	
Materials	5,363,829	
Subcontractors	21,827,501	
Equipment costs	13,646,821	
Trucking	3,402,433	
Other costs	9,474,304	
Total contract costs		71,506,767
Gross profit from contracting		16,085,235
Operating expenses:		
Selling expenses	1,461,096	
General and administrative expenses	5,435,725	
Total operating expenses		6,896,821
Income from operations		9,188,414
Other income (expense):		
Interest expense	(328,624)	
Gain on sale of equipment	31,588	
Total other expense, net		(297,036)
Income before income taxes		8,891,378
Income tax expense		67,050
Net income		$ 8,824,328

See accompanying notes.

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Magnus Pacific Corporation and Affiliates
Consolidated Statement of Changes in Stockholders' Equity
for the year ended December 31, 2013

	Common Stock		Additional	Retained	Non-Controlling	Total Stockholders'
	Shares	Amount	Paid-in Capital	Earnings	Interest	Equity
Balances at January 1, 2013	6,144	$ 6,144	$ 2,888,956	$ 6,564,515	$ 224,354	$ 9,683,969
Net income	-	-	-	8,472,363	351,965	8,824,328
Stockholder distributions	-	-	-	(4,761,413)	(270,414)	(5,031,827)
Balances at December 31, 2013	6,144	$ 6,144	$ 2,888,956	$ 10,275,465	$ 305,905	$ 13,476,470

See accompanying notes.

Magnus Pacific Corporation and Affiliates
Consolidated Statement of Cash Flows
for the year ended December 31, 2013

Cash flows from operating activities:		
Net income		$ 8,824,328
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		1,779,342
Gain on sale of equipment		(31,588)
Deferred income taxes		(69,700)
Changes in operating assets and liabilities:		
Receivables		(1,326,922)
Costs and estimated gross profit in excess of billings on contracts in progress		750,136
Inventory		(3,172)
Prepaid expenses		66,704
Trade accounts payable		(2,488,554)
Accrued expenses		153,721
Billings in excess of costs and estimated gross profit on contracts in progress		(112,746)
Income taxes payable		55,733
Net cash provided by operating activities		7,597,282
Cash flows from investing activities:		
Cash paid for property and equipment	$ (1,771,862)	
Cash distributed to joint ventures	(1,263,491)	
Decrease in deposits	(7,173)	
Cash received from sale of equipment	84,164	
Net cash used by investing activities		(2,958,362)
Cash flows from financing activities:		
Principal payments on long-term debt	(931,190)	
Principal payments on capital lease obligations	(760,953)	
Principal payments on note payable to stockholder	(2,870,000)	
Proceeds on note payable to stockholder	2,010,294	
Stockholder distributions	(1,393,993)	
Net cash used by financing activities		(3,945,842)
Net increase in cash		693,078
Cash, January 1, 2013		989,759
Cash, December 31, 2013		$ 1,682,837

See accompanying notes.

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Magnus Pacific Corporation and Affiliates
Consolidated Statement of Cash Flows
for the year ended December 31, 2013

Supplemental Disclosure of Cash Flow Information

Cash paid for interest	$	328,624
Cash paid for income taxes	$	51,506

Schedule of Noncash Investing and Financing Activities

Acquisition of property and equipment	$	4,411,679
Less amount financed		2,639,817
Cash paid for property and equipment	$	1,771,862
Stockholder distributions recorded through accrued distributions	$	3,637,834

See accompanying notes.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements
December 31, 2013

Note 1: Summary of Significant Accounting Policies:

The following items comprise the significant accounting policies of Magnus Pacific Corporation and Affiliates (the Company). The policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Company's Activities:

Magnus Pacific Corporation is primarily engaged in environmental and geo-technical building contractor services and demolition for both private and public projects located throughout the United States. The work is performed under fixed-price bid contracts and cost-plus contracts. These contracts are undertaken by the Company alone or in partnership with other contractors through joint ventures.

Consolidated Entities:

The consolidated financial statements include the accounts of Magnus Equipment Group, LLC and Magnus Real Estate Group, LLC, both of which are variable interest entities (VIE's) of which Magnus Pacific Corporation is the primary beneficiary pursuant to Accounting Standards Codification (ASC) Topic 810-10, Consolidation. The consolidated entities are collectively referred to as the Company. All significant intercompany accounts and transactions have been eliminated.

Variable Interest Entities:

ASC Topic 810-10 requires a VIE to be consolidated by a company if that company absorbs a majority of the VIE's expected losses, receives a majority of the VIE's expected residual returns, or both, as a result of ownership, contractual interest, or other financial interest in the VIE.

The Company has consolidated Magnus Equipment Group, LLC and Magnus Real Estate Group, LLC since January 1, 2012. The entities lease various real and personal property to Magnus Pacific Corporation. ASC Topic 810-10 requires a company to consolidate the financial statements of any entity that cannot finance its activities without additional financial support and for which one company provides a majority of that support through means other than ownership. Magnus Pacific Corporation determined that it provides the majority of support to these entities through various sources including loans.

Use of Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 1: Summary of Significant Accounting Policies, continued:

Financial Statement Classification:

In accordance with normal practice in the construction industry, the Company includes in current assets and liabilities amounts realizable and payable over a period in excess of one year. Consistent with this practice, asset and liability accounts relating to construction contracts, including related deferred income taxes, are classified as current. The lives of contracts entered into by the Company generally range from three to six months.

Cash and Cash Equivalents:

The Company considers all highly liquid instruments with original maturities at date of purchase of three months or less to be cash equivalents.

Contract Receivables:

Contract receivables are carried at the original invoice amount and are written off to expense in the period in which they are determined to be uncollectible. Management determines the uncollectibility of accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Recoveries of contract receivables previously written off are recorded when received. Management's evaluation resulted in no allowance for doubtful accounts as of December 31, 2013.

Inventory:

Inventory consists of parts and supplies, stated at the lower of cost (determined on the first-in, first-out method) or market.

Property and Equipment:

Property and equipment, carried at cost, are depreciated over the estimated useful life of the related asset. Costs of repairs and maintenance are charged to expense. Upon retirement or disposal of property and equipment, the costs and related depreciation are removed from the accounts, and gains or losses, if any, are reflected in the earnings for financial and income tax reporting purposes. Depreciation is provided for under the straight-line method for financial reporting and accelerated methods for income tax reporting. The estimated useful lives used for calculating depreciation for property and equipment are as follows:

	Life
Building	39 years
Construction equipment	4-6 years
Automotive equipment	4-6 years
Furniture and fixtures	5 years
Office equipment	3 years
Leasehold improvements	3-4 years

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 1: Summary of Significant Accounting Policies, continued:

Impairment of Long-Lived Assets:

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses recognized for long-lived assets as of December 31, 2013.

Investment in Construction Joint Ventures:

The Company has 50% interests in construction joint ventures with other construction companies. The investments are accounted for under the equity method for balance sheet reporting. Under this method, the investments are carried at cost, adjusted for the Company’s proportionate share of unremitted net income, less distributions from the construction joint ventures to the Company. The investments are accounted for under the pro-rata combination method for income statement reporting. Under this method, the Company’s proportionate share of income and expenses are included in revenue and cost of revenue.

Revenue and Cost Recognition:

The Company recognizes revenue from long-term construction contracts on the percentage-of-completion method. Under this method, the completion percentage is measured by the proportion of costs incurred to date to total estimated costs for each contract. This method is used because management believes the cost-to-cost method to be the best available measure of progress on the contracts. Revenue in an amount equal to cost incurred is recognized prior to contracts reaching 0.1% completion. The related profit is deferred until the period in which such percentage of completion is attained. It is management’s judgment that until a project reaches 0.1% completion, there is insufficient information to determine with a reasonable level of assurance what the estimated profit on the project will be. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change in the near term.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 1: Summary of Significant Accounting Policies, continued:

Revenue and Cost Recognition, continued:

Contract costs include all labor and labor costs, materials, subcontractors, equipment and trucking costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenue when their realization is reasonably assured. An amount equal to contract costs attributable to claims is included in revenue when realization is probable and the amount can be reliably estimated.

The asset, “Costs and estimated gross profit in excess of billings on contracts in progress,” represents revenue recognized in excess of amounts billed. The liability, “Billings in excess of costs and estimated gross profit on contracts in progress,” represents billings in excess of revenue recognized.

Advertising and Marketing:

The Company expenses advertising and marketing costs as incurred, which amounted to $46,930 for the year ended December 31, 2013, and are included in selling expenses.

Income Taxes:

Magnus Pacific Corporation:
Magnus Pacific Corporation has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code and similar provisions in various other states. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. For state income tax purposes, the Company apportions its taxable income and pays tax on the income earned within each state according to applicable tax laws. For income apportioned to California the Company pays tax at a reduced rate of 1.5% or a minimum franchise tax of $800.

For income tax purposes, the Company reports income on the percentage-of-completion, capitalized cost method of accounting. Under this method, billings and costs and allocated overhead are accumulated during the period of construction, with a percentage of the profits recognized currently and the remainder of the profits recognized at the completion of the contracts.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 1: Summary of Significant Accounting Policies, continued:

Income Taxes, continued:

Deferred income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Significant differences between financial statement and the tax bases for the Company are in the recording of depreciation and amortization, in accounting for state franchise taxes, and the recognition of income from construction contracts. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year 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 current period.

Affiliates:
Magnus Equipment Group, LLC and Magnus Real Estate Group, LLC are treated as partnerships for federal and state income tax reporting purposes and are not subject to corporate income taxes on their taxable income. However these affiliates each pay California limited liability tax of $800 and are subject to a California limited liability company fee based upon total income earned.

Uncertain Tax Positions:

Accounting guidance issued by the Financial Accounting Standards Board prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company did not have unrecognized tax benefits as of December 31, 2013 and does not expect this to change significantly over the next twelve months. The Company will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of December 31, 2013, the Company has not accrued interest or penalties related to uncertain tax positions. The federal and state income tax returns of the Company for 2012, 2011, 2010, and 2009 are subject to examination by the taxing authorities, generally for three and four years, respectively, after the due date.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 1: Summary of Significant Accounting Policies, continued:

Concentrations:

Credit Risk:
Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and contract receivables.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables and Revenue:
Contract receivables from four customers represented approximately 63% of total contract receivables as of December 31, 2013. Contract revenue from four customers accounted for approximately 70% of total contract revenue for the year ended December 31, 2013. Backlog from one of the Company's customers represented approximately 75% of total contract backlog as of December 31, 2013.

Subsequent Events:

The Company has evaluated all subsequent events through March 26, 2014, the date the financial statements were available to be issued.

Note 2: Related Party Transactions:

The Company received equipment and yard rental services from an entity owned by a stockholder of the Company. The amount paid to this related entity totaled $16,500 for the year ended December 31, 2013.

The Company also received trucking equipment services and materials from an entity owned by a relative of a stockholder of the Company. The amount paid to this related entity totaled $453,673 for the year ended December 31, 2013, of which $35,042 is included in trade accounts payable at December 31, 2013.

The Company also received construction services from an entity owned by a stockholder of the Company for the year ended December 31, 2013, for these services $4,500 is included in trade accounts payable at December 31, 2013.

The Company also received marketing services from an entity owned by a relative of a stockholder of the Company. The amount paid to this related entity totaled $16,681 for the year ended December 31, 2013.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 3: Costs and Estimated Gross Profit on Contracts in Progress:

Costs and estimated gross profit on construction contracts in progress contrast related billings as follows:

Costs incurred to date on contracts in progress	$ 63,067,728
Estimated gross profit to date	18,584,384
Contract revenue earned to date	81,652,112
Less billings to date	78,707,652
Excess of revenue earned over billings	$ 2,944,460

The excess of revenue earned over billings is included in the accompanying consolidated balance sheet under the following captions:

Costs and estimated gross profit in excess of billings on contracts in progress	$ 3,078,112
Billings in excess of costs and estimated gross profit on contracts in progress	(133,652)
Excess of revenue earned over billings	$ 2,944,460

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 4: Property and Equipment:

Property and equipment as of December 31, 2013 consist of the following:

Construction in progress	$	2,176,817
Land		1,152,188
Building		673,463
Construction equipment		8,339,135
Automotive equipment		1,864,607
Furniture and fixtures		146,997
Office equipment		314,917
Leasehold improvements		47,473
Total		14,715,597
Less accumulated depreciation		4,972,900
Property and equipment, net	$	9,742,697

Depreciation, which includes amortization of capital leases, is charged to contract costs and general and administrative expenses, and amounted to $1,681,666 and $97,676, respectively, for the year ended December 31, 2013.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 5: Investment in Construction Joint Venture:

The Company is a 50% partner in multiple construction joint ventures with other construction companies. These construction joint ventures were formed to complete specific projects and are jointly controlled by the partners. The joint venture agreements provide that the Company's interests in any profits and assets and respective share in any losses and liabilities that may result from the performance of such contracts are limited to the Company's stated percentage partnership interest in the project. Although the contract with the project owner typically requires joint and several liability, the agreement with the joint venture partners provides that each partner will assume and pay its full proportionate share of any losses resulting from the project.

Summary financial information related to the joint ventures is as follows:

Current assets	$	7,036,500
Current liabilities		1,544,128
Total construction joint venture equity		5,492,372
Less joint venture partner's interest		2,746,186
Less contract receivables and retention		1,464,153
Company's interest in equity	$	1,282,033

Contract revenue, contract costs and gross profit earned on these joint ventures during the year ended December 31, 2013 was $21,333,136, $13,773,645 and $7,559,491, respectively. The Company's share of contract revenue, contract costs and gross profit during the year ended December 31, 2013 was $10,666,568, $6,886,823 and $3,779,745, respectively.

Note 6: Line of Credit:

The Company has a $15,000,000 line of credit with a commercial bank. Advances on the line bear interest at 3.00% above the LIBOR rate. The line is personally guaranteed by the majority stockholder, is secured by the Company's equipment, inventory, and receivables, and expires October 1, 2014. In addition there are other covenants and restrictions, with which management is not aware of any violations. There was no outstanding balance on the line of credit as of December 31, 2013.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 7: Long-Term Debt:

Long-term debt as of December 31, 2013 consists of the following:

	Interest Rate	Payable Within One Year	Payable After One Year
Bank of America, secured by construction equipment, aggregate monthly payments of $88,274, including principal and interest, due through November 2018	3.39% to 4.07%	$ 972,792	$ 1,734,329
Ford Motor Credit Corporation, secured by automotive equipment, aggregate monthly payments of $9,646, including principal and interest, due through May 2016	4.04% to 5.99%	77,159	89,664
Komatsu Financial, secured by construction equipment, monthly principal payments of $8,472, due in May 2015	0.00%	101,666	42,362
Mortgage payable, secured by property, aggregate monthly payments of $15,077, including principal and interest, beginning in May 2014, due through May 2024	LIBOR + 3.00%	83,614	1,459,315
		$ 1,235,231	$ 3,325,670

Aggregate maturities on long-term debt over the next five years are as follows:

Year Ending December 31:	
2014	$ 1,235,231
2015	1,196,060
2016	776,133
2017	243,201
2018	220,404
Thereafter	889,872
	$ 4,560,901

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 8: Contract Backlog:

The following schedule is a reconciliation of contract backlog representing signed contracts as of December 31, 2013:

	Contract Revenue	Estimated Gross Profit
Balances, January 1, 2013	$ 28,052,040	$ 4,818,073
Contract adjustments and new contracts awarded	82,401,820	18,780,649
Subtotal	110,453,860	23,598,722
Earned during the year	87,592,002	16,085,235
Balances, December 31, 2013	$ 22,861,858	$ 7,513,487

Note 9: Income Tax Expense:

Income tax expense consists of the following as of December 31, 2013:

Current tax expense	$ 67,050

Note 10: Multiemployer Pension Plans:

The Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

1. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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Note 10: Multiemployer Pension Plans, continued:

The Company's participation in these plans for the year ended December 31, 2013, is outlined in the table below. The "Pension Plan EIN/PN" column provides the Employer Identification Number (EIN) and the three-digit Plan Number (PN), if applicable. The "Zone Status" column is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded; plans in the orange zone are less than 80 percent funded and have an accumulated funding deficiency in the current year or projected into the next six years; plans in the yellow zone are less than 80 percent funded; and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject. Withdrawal in any of the plans is not probable and no surcharge is imposed on any plan.

Pension Trust Fund	Pension Plan EIN/PN	2013 PPA Zone Status as of Plan's Year End	FIP/RP Status Pending/ Imple-mented	2013 Contributions	Expiration Date of Collective Bargaining Agreement
Operating Engineers Trust Fund	94-6090764 001	Orange 12/31/2012	Yes	$ 14,811	6/30/2016
Indiana Teamsters 142 Pension Fund	51-6051034 001	Green 6/30/2013	NA	20,107	6/30/2015
				$ 34,918	

Note 11: Company Sponsored Retirement Plan:

The Company has a profit sharing plan that covers non-union employees who have met certain service requirements. Profit sharing plan contributions are determined annually by management. The contribution to the plan totaled $94,605 for the year ended December 31, 2013, and is included in general and administrative expenses.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 12: Leasing Commitments:

The Company leases office space under four non-cancellable operating leases expiring through March 2019. Office lease expense included in general and administrative expenses amounted to $315,962 for the year ended December 31, 2013.

The Company also leases construction and automotive equipment under various non-cancellable capital leases expiring through May 2016.

Included in property and equipment are assets held under capital leases as follows:

Construction equipment	$ 2,498,601
Automotive equipment	139,100
Total	2,637,701
Less accumulated amortization	1,328,801
Net book value of assets held under capital leases	$ 1,308,900

Future minimum lease payments over the next five years are as follows:

Year Ending December 31:	Capital Leases	Operating Leases
2014	$ 569,544	$ 208,469
2015	177,136	132,585
2016	29,220	116,793
2017	-	119,525
2018	-	122,257
Thereafter	-	30,735
Total minimum lease payments	775,900	$ 730,364
Less amount representing interest	28,455	
Present value of net minimum lease payments	747,445	
Current maturities of capital lease obligations	546,226	
Capital lease obligations, net of current maturities	$ 201,219	

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
December 31, 2013

Note 13: Contingencies:

Litigation:

The Company is involved in several litigation matters which are normal to the construction industry. In the opinion of management, these matters will not have a material effect on these consolidated financial statements.

Exhibit 99.2

Magnus Pacific Corporation and Affiliates

Consolidated Financial Statements
for the periods ended September 30, 2014 and 2013
(Unaudited)

Magnus Pacific Corporation and Affiliates
Consolidated Financial Statements
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GALLINA LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Review Report

To the Board of Directors
Magnus Pacific Corporation and Affiliates
Rocklin, California

We have reviewed the accompanying consolidated balance sheets of Magnus Pacific Corporation and Affiliates as of September 30, 2014 and 2013 and the related consolidated statements of income, changes in stockholders' equity and cash flows for the nine months then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Gallina LLP

Rancho Cordova, California
January 14, 2015

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Magnus Pacific Corporation and Affiliates
Consolidated Balance Sheets
September 30, 2014 and 2013
(Unaudited)

Assets

	2014	2013
Current assets:		
Cash	$ 568,990	$ 741,643
Receivables:		
Contracts - current	35,444,441	24,446,849
Contracts - retention	4,297,618	2,682,646
Total receivables	39,742,059	27,129,495
Costs and estimated gross profit in excess of billings on contracts in progress	4,574,477	3,679,581
Inventory	93,776	93,776
Prepaid expenses	228,328	662,844
Total current assets	45,207,630	32,307,339
Property and equipment, net	15,240,152	8,835,910
Other assets:		
Deposits	18,864	12,279
Investment in joint ventures	2,815,791	-
Total other assets	2,834,655	12,279
Total assets	$ 63,282,437	$ 41,155,528

See accompanying notes and independent accountant’s review report.

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Magnus Pacific Corporation and Affiliates
Consolidated Balance Sheets
September 30, 2014 and 2013
(Unaudited)

Liabilities and Stockholders' Equity

	2014	2013
Current liabilities:		
Note payable	$ 13,033,000	$ 5,654,000
Trade accounts payable:		
Current	11,436,073	7,706,094
Subcontractor retentions	193,331	887,348
Total trade accounts payable	11,629,404	8,593,442
Accrued expenses	7,772,286	4,145,326
Accrued stockholder distributions	10,695	3,167,001
Billings in excess of costs and estimated gross profits on contracts in progress	5,875,268	2,278,268
Current maturities of long-term debt	2,681,342	1,066,647
Current maturities of capital lease obligations	270,707	611,195
Income taxes payable	66,438	10,705
Deferred income taxes	20,500	90,200
Total current liabilities	41,359,640	25,616,784
Long-term liabilities:		
Share of deficiency in joint ventures	-	1,514,296
Long-term debt, net of current maturities	7,212,279	2,400,803
Capital lease obligations, net of current maturities	57,363	328,250
Total long-term liabilities	7,269,642	4,243,349
Total liabilities	48,629,282	29,860,133
Stockholders' equity:		
Common stock, no par value, 10,000 shares authorized, 6,144 shares issued and outstanding	6,144	6,144
Additional paid-in capital	2,888,956	2,888,956
Retained earnings	8,401,250	8,142,842
Total stockholders' equity - Magnus Pacific Corporation	11,296,350	11,037,942
Noncontrolling interest	3,356,805	257,453
Total stockholders' equity	14,653,155	11,295,395
Total liabilities and stockholders' equity	$ 63,282,437	$ 41,155,528

See accompanying notes and independent accountant's review report.

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Magnus Pacific Corporation and Affiliates
Consolidated Statements of Income
for the nine months ended September 30, 2014 and 2013
(Unaudited)

	2014	2013
Contract revenue	$ 76,040,634	$ 61,637,137
Contract costs:		
Labor and labor costs	16,844,377	12,988,876
Subcontractors	7,853,112	15,300,003
Materials	5,230,498	3,461,576
Equipment costs	17,005,269	10,472,951
Trucking	2,222,698	1,633,160
Other	14,270,423	6,837,449
Total contract costs	63,426,377	50,694,015
Gross profit from contracting	12,614,257	10,943,122
Operating expenses:		
Selling expenses	1,374,288	1,059,751
General and administrative expenses	5,674,734	3,648,963
Total operating expenses	7,049,022	4,708,714
Income from operations	5,565,235	6,234,408
Other income (expense):		
Interest income	16,000	-
Interest expense	(321,488)	(258,286)
Gain (loss) on sale of equipment	(698)	18,812
Total other expense, net	(306,186)	(239,474)
Income before income taxes	5,259,049	5,994,934
Income tax expense	62,400	83,100
Net income	$ 5,196,649	$ 5,911,834

See accompanying notes and independent accountant's review report.

Magnus Pacific Corporation and Affiliates
Consolidated Statements of Changes in Stockholders' Equity
for the nine months ended September 30, 2014 and 2013
(Unaudited)

	Common Stock		Additional	Retained	Non-Controlling	Total Stockholders'
	Shares	Amount	Paid-in Capital	Earnings	Interest	Equity
Period ended September 30, 2013:						
Balance at January 1, 2013	6,144	$ 6,144	$ 2,888,956	$ 6,564,515	$ 224,354	$ 9,683,969
Net income	-	-	-	5,656,773	255,061	5,911,834
Members' distributions	-	-	-	-	(221,962)	(221,962)
Stockholders' distributions	-	-	-	(4,078,446)	-	(4,078,446)
Balance at September 30, 2013	6,144	$ 6,144	$ 2,888,956	$ 8,142,842	$ 257,453	$ 11,295,395
Period ended September 30, 2014:						
Balance at January 1, 2014	6,144	$ 6,144	$ 2,888,956	$ 10,275,465	$ 305,905	$ 13,476,470
Members' contribution	-	-	-	-	2,797,515	2,797,515
Net income	-	-	-	4,943,264	253,385	5,196,649
Stockholders' distributions	-	-	-	(6,817,479)	-	(6,817,479)
Balances at September 30, 2014	6,144	$ 6,144	$ 2,888,956	$ 8,401,250	$ 3,356,805	$ 14,653,155

See accompanying notes and independent accountant's review report.

Magnus Pacific Corporation and Affiliates
Consolidated Statements of Cash Flows
for the nine months ended September 30, 2014 and 2013
(Unaudited)

	2014	2013
Cash flows from operating activities:		
Net income	$ 5,196,649	$ 5,911,834
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	1,977,676	1,310,876
Gain (loss) on sale of equipment	698	(18,812)
Changes in operating assets and liabilities:		
Receivables	(27,667,823)	(15,319,917)
Costs and estimated gross profit in excess of billings on contracts in progress	(1,496,365)	148,667
Inventory	-	(3,172)
Prepaid expenses and deposits	(59,244)	(216,337)
Trade accounts payable	6,007,195	482,679
Accrued expenses	6,889,559	3,356,933
Billings in excess of costs and estimated gross profit on contracts in progress	5,741,616	2,031,870
Net cash used by operating activities	(3,410,039)	(2,315,379)
Cash flows from investing activities:		
Cash paid for property and equipment	(777,989)	(1,929,925)
Proceeds from sale of equipment	-	41,329
Cash received from (paid to) joint ventures	(1,533,758)	1,514,296
Decrease in deposits	3,660	21,614
Net cash used by investing activities	(2,308,087)	(352,686)
Cash flows from financing activities:		
Principal payments on long-term debt	(1,365,120)	(671,985)
Principal payments on capital lease obligations	(419,375)	(568,953)
Principal payments on note payable to stockholder	-	(859,706)
Increase in note payable, net	13,033,000	5,654,000
Members' contributions	2,797,515	-
Stockholders' and members' distributions	(9,441,741)	(1,133,407)
Net cash provided by financing activities	4,604,279	2,419,949
Net decrease in cash	(1,113,847)	(248,116)
Cash, beginning of period	1,682,837	989,759
Cash, end of period	$ 568,990	$ 741,643

See accompanying notes and independent accountant's review report.

Magnus Pacific Corporation and Affiliates
Consolidated Statements of Cash Flows
for the nine months ended September 30, 2014 and 2013
(Unaudited)

Supplemental Disclosure of Cash Flow Information

Cash paid for interest	$	321,488	$	258,286
Cash paid for income taxes	$	-	$	-

Schedule of Noncash Investing and Financing Activities

Acquisition of property and equipment	$	7,481,831	$	3,217,086
Less amount financed		6,703,842		1,287,161
Cash paid for property and equipment	$	777,989	$	1,929,925
Stockholder distributions recorded through accrued distributions	$	(2,624,262)	$	3,167,001

See accompanying notes and independent accountant's review report.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements
September 30, 2014 and 2013
(Unaudited)

Note 1: Summary of Significant Accounting Policies:

The following items comprise the significant accounting policies of Magnus Pacific Corporation and Affiliates (the Company). The policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Company's Activities:

Magnus Pacific Corporation is primarily engaged in environmental and geo-technical building contractor services and demolition for both private and public projects located throughout the United States. The work is performed under fixed-price bid contracts and cost-plus contracts. These contracts are undertaken by the Company alone or in partnership with other contractors through joint ventures.

Consolidated Entities:

The consolidated financial statements include the accounts of Magnus Equipment Group, LLC and Magnus Real Estate Group, LLC, both of which are variable interest entities (VIE's) of which Magnus Pacific Corporation is the primary beneficiary pursuant to Accounting Standards Codification (ASC) Topic 810-10, Consolidation. The consolidated entities are collectively referred to as the Company. All significant intercompany accounts and transactions have been eliminated.

Variable Interest Entities:

ASC Topic 810-10 requires a VIE to be consolidated by a company if that company absorbs a majority of the VIE's expected losses, receives a majority of the VIE's expected residual returns, or both, as a result of ownership, contractual interest, or other financial interest in the VIE.

The Company has consolidated Magnus Equipment Group, LLC and Magnus Real Estate Group, LLC since January 1, 2012. The entities lease various real and personal property to Magnus Pacific Corporation. ASC Topic 810-10 requires a company to consolidate the financial statements of any entity that cannot finance its activities without additional financial support and for which one company provides a majority of that support through means other than ownership. Magnus Pacific Corporation determined that it provides the majority of support to these entities through various sources including loans.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 1: Summary of Significant Accounting Policies, continued:

Financial Statement Classification:

In accordance with normal practice in the construction industry, the Company includes in current assets and liabilities amounts realizable and payable over a period in excess of one year. Consistent with this practice, asset and liability accounts relating to construction contracts, including related deferred income taxes, are classified as current. The lives of contracts entered into by the Company generally range from three to eighteen months.

Cash:

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Financial Instruments:

The carrying value of contract receivables and other amounts arising out of normal contract activities, including retentions, which may be settled beyond one year, are estimated to approximate fair value. Rates currently available for debt with similar terms and remaining maturities are used to estimate the fair value of existing debt.

Contract Receivables:

Contract receivables are carried at the original invoice amount and are written off to expense in the period in which they are determined to be uncollectible. Management determines the uncollectibility of accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Recoveries of contract receivables previously written off are recorded when received. Management's evaluation resulted in no allowance for doubtful accounts as of September 30, 2014 and 2013.

Inventory:

Inventory consists of parts and supplies, stated at the lower of cost (determined on the first-in, first-out method) or market.

Property and Equipment:

Property and equipment, carried at cost, are depreciated over the estimated useful life of the related asset. Costs of repairs and maintenance are charged to expense. Upon retirement or disposal of property and equipment, the costs and related depreciation are removed from the accounts, and gains or losses, if any, are reflected in the earnings for financial and income tax reporting purposes. Depreciation is provided for under the straight-line method for financial reporting and accelerated methods for income tax reporting.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 1: Summary of Significant Accounting Policies, continued:

Property and Equipment, continued:

The estimated useful lives used for calculating depreciation for property and equipment are as follows:

	Life
Buildings	39 years
Building improvements	39 years
Land improvements	15 years
Construction equipment	3 to 6 years
Automotive equipment	4 to 6 years
Furniture and fixtures	5 years
Office equipment	3 to 5 years
Leasehold improvements	3 to 5 years

Impairment of Long-Lived Assets:

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, then assets are written down first, followed by other long-lived assets of the operation to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses recognized for long-lived assets as of September 30, 2014 and 2013.

Investment in Construction Joint Ventures:

The Company has 50% interests in construction joint ventures with other construction companies. The investments are accounted for under the equity method for balance sheet reporting. Under this method, the investments are carried at cost, adjusted for the Company’s proportionate share of unremitted net income, less distributions from the construction joint ventures to the Company. The investments are accounted for under the pro-rata combination method for income statement reporting. Under this method, the Company’s proportionate share of income and expenses are included in revenue and cost of revenue.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 1: Summary of Significant Accounting Policies, continued:

Revenue and Cost Recognition:

The Company and its construction joint ventures recognize revenue from long-term construction contracts on the percentage-of-completion method. Under this method, the completion percentage is measured by the proportion of costs incurred to date to total estimated costs for each contract. This method is used because management believes the cost-to-cost method to be the best available measure of progress on the contracts. Revenue in an amount equal to cost incurred is recognized prior to contracts reaching 0.1% completion. The related profit is deferred until the period in which such percentage of completion is attained. It is management's judgment that until a project reaches 0.1% completion, there is insufficient information to determine with a reasonable level of assurance what the estimated profit on the project will be. Because of inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change in the near term.

Contract costs include all labor and labor costs, subcontractors, materials and equipment and trucking costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, and repairs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenue when their realization is reasonably assured. An amount equal to contract costs attributable to claims is included in revenue when realization is probable and the amount can be reliably estimated.

The asset, "Costs and estimated gross profit in excess of billings on contracts in progress," represents revenue recognized in excess of amounts billed. The liability, "Billings in excess of costs and estimated gross profit on contracts in progress," represents billings in excess of revenue recognized.

Advertising and Marketing:

The Company expenses advertising and marketing costs as incurred. Total amount included in selling expenses was $30,134 and $21,644, for the nine months ended September 30, 2014 and 2013, respectively. Total amount included in general and administrative expenses was $15,244 and $6,111 for the nine months ended September 30, 2014 and 2013, respectively.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 1: Summary of Significant Accounting Policies, continued:

Income Taxes:

Magnus Pacific Corporation:
Magnus Pacific Corporation has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code and similar provisions in various other states. Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. For state income tax purposes, the Company apportions its taxable income and pays tax on the income earned within each state according to applicable tax laws. For income apportioned to California the Company pays tax at a reduced rate of 1.5% or a minimum franchise tax of $800.

For income tax purposes, the Company reports income on the percentage-of-completion, capitalized cost method of accounting. Under this method, billings and costs and allocated overhead are accumulated during the period of construction, with a percentage of the profits recognized currently and the remainder of the profits recognized at the completion of the contracts.

Deferred income taxes are recorded using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Significant differences between financial statement and the tax bases for the Company are in the recording of depreciation and amortization, in accounting for state franchise taxes, and the recognition of income from construction contracts. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year 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 current period.

Affiliates:
Magnus Equipment Group, LLC and Magnus Real Estate Group, LLC are treated as partnerships for federal and state income tax reporting purposes and are not subject to corporate income taxes on their taxable income. However these affiliates each pay California limited liability tax of $800 and are subject to a California limited liability company fee based upon total income earned.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 1: Summary of Significant Accounting Policies, continued:

Uncertain Tax Positions:

Accounting guidance issued by the Financial Accounting Standards Board (FASB) prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company did not have unrecognized tax benefits as of September 30, 2014 and 2013 and does not expect this to change significantly over the next twelve months. The Company will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. As of September 30, 2014 and 2013, the Company has not accrued interest or penalties related to uncertain tax positions. The federal and state income tax returns of the Company for 2013, 2012, 2011, and 2010 are subject to examination by the taxing authorities, generally for three and four years, respectively, after the due date.

Concentrations:

Credit Risk:
Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and trade receivables.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

Receivables and Revenue:
Contract receivables from two customers represented approximately 79% of total contract receivables as of September 30, 2014. Contract revenue from two customers accounted for approximately 75% of total contract revenue for the nine months ended September 30, 2014. Backlog from two of the Company’s customers represented approximately 71% of total contract backlog as of September 30, 2014.

Contract receivables from two customers represented approximately 62% of total contract receivables as of September 30, 2013. Contract revenue from two customers accounted for approximately 56% of total contract revenue for the nine months ended September 30, 2013. Backlog from three of the Company’s customers represented approximately 73% of total contract backlog as of September 30, 2013.

Subsequent Events:

The Company has evaluated all subsequent events through January 14, 2015, the date the financial statements were available to be issued.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 2: Related Party Transactions:

The Company received equipment and yard rental services from an entity owned by a stockholder of the Company. The amount paid to this related entity totaled $70,013 and $13,500 for the nine months ended September 30, 2014 and 2013, respectively.

The Company also received trucking equipment services and materials from an entity owned by a relative of a stockholder of the Company. The amount paid to this related entity totaled $9,000 and $201,230 for the nine months ended September 30, 2014 and 2013, respectively, of which $59,317 and $182,440 is included in trade accounts payable at September 30, 2014 and 2013, respectively.

The Company also received marketing services from an entity owned by a relative of a stockholder of the Company. The amount paid to this related entity totaled $23,176 and $14,065 for the nine months ended September 30, 2014 and 2013, respectively.

Note 3: Costs and Estimated Gross Profit on Contracts in Progress:

Costs and estimated gross profit on construction contracts in progress contrast related billings as follows:

	2014	2013
Costs incurred to date on contracts in progress	$ 86,089,347	$ 84,396,589
Estimated gross profit to date	17,887,990	14,159,230
Contract revenue earned to date	103,977,337	98,555,819
Less billings to date	105,278,128	97,154,506
Excess of revenue earned over billings	$ (1,300,791)	$ 1,401,313

The excess of revenue earned over billings is included in the accompanying balance sheet under the following captions:

Costs and estimated gross profit in excess of billings on contracts in progress	$ 4,574,477	$ 3,679,581
Billings in excess of costs and estimated gross profit on contracts in progress	(5,875,268)	(2,278,268)
Excess of revenue earned over billings	$ (1,300,791)	$ 1,401,313

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 4: Property and Equipment:

Property and equipment as of September 30, 2014 and 2013 consists of the following:

	2014	2013
Construction in progress	$ -	$ 1,322,097
Land	1,152,188	1,152,188
Buildings	2,643,794	673,463
Building improvements	875,659	-
Land improvements	637,881	-
Construction equipment	14,193,408	8,135,896
Automotive equipment	1,910,670	1,756,122
Furniture and fixtures	245,885	89,135
Office equipment	463,676	307,022
Leasehold improvements	47,473	20,438
Total	22,170,634	13,456,361
Less accumulated depreciation	6,930,482	4,620,451
Property and equipment, net	$ 15,240,152	$ 8,835,910

Depreciation, which includes amortization of capital leases, is charged to contract costs and general and administrative expenses, and amounted to $1,790,869 and $186,807, respectively, for the nine months ended September 30, 2014. Depreciation charged to contract costs and general and administrative expenses, for the nine months ended September 30, 2013 amounted to $1,240,387 and $70,489, respectively.

Note 5: Investment in Construction Joint Ventures:

The Company is a 50% partner in multiple construction joint ventures with other construction companies. These construction joint ventures were formed to complete specific projects and are jointly controlled by the partners. The joint venture agreements provide that the Company's interests in any profits and assets and respective share in any losses and liabilities that may result from the performance of such contracts are limited to the Company's stated percentage partnership interest in the project. Although the contract with the project owner typically requires joint and several liability, the agreement with the joint venture partners provides that each partner will assume and pay its full proportionate share of any losses resulting from the project.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 5: Investment in Construction Joint Ventures, continued:

Summary financial information related to the joint ventures is as of September 30, 2014 and 2013 is as follows:

	2014	2013
Current assets	$ 31,454,271	$ 14,127,689
Current liabilities	6,713,145	5,591,069
Total construction joint venture equity	24,741,126	8,536,620
Less joint venture partner's interest	12,370,563	4,268,310
Less contract receivables and retention	9,554,772	5,782,606
Company's interest (deficit) in equity	$ 2,815,791	$ (1,514,296)

Contract revenue, contract costs and gross profit earned on these joint ventures during the nine months ended September 30, 2014 was $43,641,832, $34,062,124, and $9,579,708, respectively. The Company's share of contract revenue, contract costs and gross profit during the nine months ended September 30, 2014 was $21,820,916, $17,031,062 and $4,789,854, respectively. The Company's share of backlog from the construction joint ventures as of September 30, 2014 is included in the Company's contract backlog (see Note 8).

Contract revenue, contract costs and gross profit earned on these joint ventures during the nine months ended September 30, 2013 was $14,597,058, $10,320,628, and $4,276,430, respectively. The Company's share of contract revenue, contract costs and gross profit during the nine months ended September 30, 2013 was $7,298,529, $5,160,314 and $2,138,215, respectively.

Note 6: Line of Credit:

The Company had a $15,000,000 line of credit with a commercial bank. Advances on the line bear interest at 2.50% above the LIBOR rate. The line was personally guaranteed by the majority stockholder, was secured by the Company's equipment, inventory, and receivables, and expires October 1, 2015. In addition there are other covenants and restrictions, with which the Company did not meet as of September 30, 2014 and 2013. The outstanding balance on the line of credit as of September 30, 2014 and 2013 amounted to $13,033,000 and $5,654,000, respectively. Subsequent to September 30, 2014, the line of credit was paid down and is no longer available (see Note 14).

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 7: Long-Term Debt:

Long-term debt as of September 30, 2014 and 2013 consists of the following:

	Interest Rate	Payable 2014	Payable 2013
Bank of America, secured by construction equipment, aggregate monthly payments of $220,426, including principal and interest, due through November 2018	0.00% to 4.07%	$ 7,224,811	$ 2,501,311
Ford Motor Credit, secured by automotive equipment, aggregate monthly payments of $6,994, including principal and interest, due through April 2018	4.24% to 6.74%	164,774	193,167
Komatsu Financial, secured by construction equipment, monthly principal payments of $8,472, due in May 2015	0.00%	67,778	160,972
Mortgage payable, secured by real property, aggregate fixed monthly principal payments of $10,300 plus interest with remaining balances due through July 2024 *	Libor + 3.00%	2,436,258	612,000
		9,893,621	3,467,450
Less current maturities		2,681,342	1,066,647
		$ 7,212,279	$ 2,400,803

* In addition, there are other restrictive financial covenants, with which the Company did not meet as of September 30, 2014 and 2013.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 7: Long-Term Debt, continued:

Aggregate maturities on long-term debt over the next five years are as follows:

Year Ending September 30:

2015	$ 2,681,342
2016	2,475,492
2017	1,714,182
2018	1,057,946
2019	141,588
Thereafter	1,823,071
	$ 9,893,621

Note 8: Contract Backlog:

The following schedule is a reconciliation of contract backlog representing as of September 30, 2014: signed contracts

Balance, January 1, 2014	$ 22,861,858
Contract adjustments and new contracts awarded	143,163,425
Subtotal	166,025,283
Less contract revenue earned	76,040,634
Balance, September 30, 2014	$ 89,984,649

Note 9: Multiemployer Pension Plans:

The Company contributes to a number of multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following respects:

1. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Company chooses to stop participating in some of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 9: Multiemployer Pension Plans, continued:

The Company's participation in these plans for the nine months ended September 30, 2014 and 2013, is outlined in the table below. The "Pension Plan EIN/PN" column provides the Employer Identification Number (EIN) and the three-digit Plan Number (PN), if applicable. The "Zone Status" column is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded; plans in the orange zone are less than 80 percent funded and have an accumulated funding deficiency in the current year or projected into the next six years; plans in the yellow zone are less than 80 percent funded; and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject. Withdrawal in any of the plans is not probable and no surcharge is imposed on any plan.

Pension Trust Fund	Pension Plan EIN/PN	2012 PPA Zone Status as of Plan's Year End	FIP/RP Status Pending/ Imple-mented	2013 Contributions	2014 Contributions	Expiration Date of Collective Bargaining Agreement
Operating Engineers Trust Fund	94-6090764 001	Red 12/31/2013	Yes	$ -	$ 10,549	6/30/2016
Indiana Teamsters 142 Pension Fund	51-6051034 001	Green 6/30/2013	n/a	3,537	-	6/30/2015
				$ 3,537	$ 10,549	

Note 10: Company Sponsored Retirement Plan:

The Company has a profit sharing plan that covers non-union employees who have met certain service requirements. Profit sharing plan contributions are determined annually by management. The contribution to the plan totaled $115,608 and $66,084 for the nine months ended September 30, 2014 and 2013, respectively, and is included in general and administrative expenses.

Note 11: Leasing Commitments:

The Company leases office space under four non-cancellable operating leases expiring through March 2019. Office lease expense included in general and administrative expenses amounted to $218,220 and $235,304 for the nine months ended September 30, 2014 and 2013.

The Company also leases construction and automotive equipment under various non- cancellable capital leases expiring through May 2016.

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Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 11: Leasing Commitments, continued:

Included in property and equipment are assets held under capital leases as follows:

	2014	2013
Construction equipment	$ 2,498,601	$ 2,498,601
Automotive equipment	139,100	139,100
Total	2,637,701	2,637,701
Less accumulated amortization	1,708,088	1,268,471
Net book value of assets held under capital leases	$ 929,613	$ 1,369,230

Future minimum lease payments over the next five years are as follows:

Year Ending September 30:	Capital Leases	Operating Leases
2015	$ 277,883	$ 149,242
2016	58,440	116,110
2017	-	118,842
2018	-	121,574
2019	-	61,470
Total minimum lease payments	336,323	$ 567,238
Less amount representing interest	8,253	
Present value of net minimum lease payments	328,070	
Current maturities of capital lease obligations	270,707	
Capital lease obligations, net of current maturities	$ 57,363	

Note 12: Significant Revision in Contract Estimate:

Revisions in estimated contract profits are made in the year in which circumstances requiring the revision become know. During 2014, management made a significant change in the cost estimates from the prior year on a construction contract in progress. Provisions for a significant increase in contract costs have been included in the current period. The increased costs were primarily due to unexpected circumstances at the jobsite.

Magnus Pacific Corporation and Affiliates
Notes to the Consolidated Financial Statements, continued
September 30, 2014 and 2013
(Unaudited)

Note 13: Contingencies:

The Company is involved in several litigation matters which are normal to the construction industry. In the opinion of management, these matters will not have a material effect on these consolidated financial statements.

Note 14: Subsequent Events:

Effective October 30, 2014, Magnus Equipment Group, LLC merged into Magnus Pacific Corporation.

On November 4, 2014, Magnus Pacific Corporation was acquired by Great Lakes Dredge & Dock Corporation.

Magnus Real Estate Group, LLC was not part of the acquisition and therefore the ownership of the LLC did not change.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information has been prepared from the historical financial statements of Great Lakes Dredge & Dock Corporation (the "Company") and Magnus Pacific Corporation ("Magnus"), to give effect to the Company's acquisition of all of the shares (the "Acquisition") of Magnus. See Note 1 for further information. The unaudited pro forma condensed combined financial statements do not purport to represent, and are not necessarily indicative of, what the Company's financial position or results of operations would have been had the Acquisition occurred on the dates indicated.

The unaudited pro forma condensed combined balance sheet as of September 30, 2014 is presented as if the Acquisition had occurred on September 30, 2014, and includes all adjustments that give effect to events that are directly attributable to the Acquisition and are factually supportable. The historical consolidated balance sheets of the Company and Magnus as of September 30, 2014 that were used in preparing the unaudited pro forma condensed combined balance sheet have not been audited.

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2013 and nine months ended September 30, 2014 are presented as if the Acquisition had occurred on January 1, 2013 and include all adjustments that (i) give effect to events that are directly attributable to the Acquisition, (ii) are expected to have a continuing impact, and (iii) are factually supportable. The historical consolidated statements of operations of the Company and Magnus for the year ended December 31, 2013 that were used in preparing the unaudited pro forma condensed combined statement of operations for the same period have been audited. The historical consolidated statements of operations of the Company and Magnus for the nine months ended September 30, 2014 that were used in preparing the unaudited pro forma condensed combined statement of operations for the same period have not been audited.

The unaudited pro forma condensed combined financial statements should be read in conjunction with the Company's historical consolidated financial statements, related notes, and "Management's Discussion and Analysis", and the Magnus historical consolidated financial statements and related notes. The consolidated balance sheet of the Company as of December 31, 2013 and 2012, and the related consolidated statement of operations, cash flows and stockholders' equity for the years then ended, along with the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" are set forth in the Company's Annual Report on Form 10-K filed March 11, 2014. The unaudited interim consolidated financial statements of the Company for the nine months ended September 30, 2014 are set forth in the Company's Quarterly Report on Form 10-Q filed November 6, 2014. The consolidated balance sheet of Magnus as of December 31, 2013, and the related consolidated statement of operations and cash flows for the year then ended, along with the related notes, are included as Exhibit 99.1 in this Form 8-K/A. The unaudited interim consolidated financial statements of Magnus for the nine months ended September 30, 2014 are included as Exhibit 99.2 in this Form 8-K/A.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
SEPTEMBER 30, 2014

	Great Lakes Dredge & Dock Corporation (Historical)	Magnus Pacific Corporation (Historical)	Pro Forma Adjustments	Pro Forma Combined
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 21,088	$ 569	$ (1,408) (A)	$ 20,249
Accounts receivable—net	98,118	39,742	2,816 (B)	140,676
Contract revenues in excess of billings	85,628	4,574	(753) (B)	89,449
Inventories	33,194	94	—	33,288
Prepaid expenses and other current assets	58,440	228	839 (C)	59,508
Total current assets	296,468	45,208	1,494	343,169
PROPERTY AND EQUIPMENT—Net	382,331	15,240	(3,740) (D)	393,832
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	80,885	—	13,000 (E)	93,885
INVENTORIES—Noncurrent	37,324	—	—	37,324
INVESTMENTS IN JOINT VENTURES	8,445	2,816	(2,816) (B)	8,445
OTHER	11,745	19	—	11,764
TOTAL	$ 817,198	$ 63,282	$ 7,938	$888,419
LIABILITIES AND EQUITY				
CURRENT LIABILITIES:				
Accounts payable	139,341	11,629	—	150,970
Accrued expenses	49,755	7,870	6,445 (F)	64,070
Billings in excess of contract revenues	4,978	5,875	521 (B)	11,374
Current portion of long term debt	373	2,952	(2,681) (G)	644
Total current liabilities	194,447	28,327	4,285	227,058
7 ⅜% SENIOR NOTES	250,000	—	25,000 (G)	275,000
REVOLVING CREDIT FACILITY	35,000	13,033	(13,033) (G)	35,000
LONG TERM NOTE PAYABLE	485	7,270	(1,647) (G)	6,108
DEFERRED INCOME TAXES	90,040	—	—	90,040
OTHER	11,672	—	7,987 (G)	19,659
Total liabilities	581,644	48,629	22,592	652,865
COMMITMENTS AND CONTINGENCIES				
EQUITY:				
Common stock—$.0001 par value; 90,000 authorized, 60,136 shares issued and outstanding at September 30, 2014	6	6	(6) (H)	6
Additional paid-in capital	277,097	2,889	(2,889) (H)	277,097
Accumulated earnings (deficit)	(40,488)	8,401	(8,401) (H)	(40,488)
Accumulated other comprehensive loss	(1,061)	—	—	(1,061)
Total stockholders' equity	235,554	11,296	(11,296)	235,554
NONCONTROLLING INTERESTS	—	3,357	(3,357) (H)	—
Total equity	235,554	14,653	(14,653)	235,554
TOTAL	$ 817,198	$ 63,282	$ 7,938	$888,419

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Great Lakes Dredge & Dock Corporation (Historical)	Magnus Pacific Corporation (Historical)	Pro Forma Adjustments	Pro Forma Combined
Contract revenues	$ 561,289	$ 76,040	$ (750) (I)	$636,579
Costs of contract revenues	489,720	63,426	200 (J)	553,346
Gross profit	71,569	12,614	(949)	83,234
General and administrative expenses	49,850	7,049	516 (K)	57,415
Loss on sale of assets—net	558	1	—	559
Operating income	21,161	5,564	(1,465)	25,260
Interest expense—net	(14,730)	(305)	(1,298) (L)	(16,333)
Equity in loss of joint ventures	(9,063)	—	—	(9,063)
Gain on bargain purchase acquisition	2,197	—	—	2,197
Other income	410	—	—	410
Loss from continuing operations before income taxes	(25)	5,259	(2,763)	2,471
Income tax (provision) benefit	425	(62)	(1,001) (M)	(638)
Income from continuing operations	400	5,197	(3,764)	1,833
Loss from discontinued operations, net of income taxes	(9,118)	—	—	(9,118)
Net income (loss)	$ (8,718)	$ 5,197	$ (3,764)	$ (7,285)
Basic earnings per share attributable to continuing operations	0.01			0.03
Basic loss per share attributable to discontinued operations, net of tax	(0.15)			(0.15)
Basic earnings per share attributable to Great Lakes Dredge & Dock Corporation	$ (0.14)			$ (0.12)
Basic weighted average shares	59,870			59,870
Diluted earnings per share attributable to continuing operations	0.01			0.03
Diluted loss per share attributable to discontinued operations, net of tax	(0.15)			(0.15)
Diluted loss per share attributable to Great Lakes Dredge & Dock Corporation	$ (0.14)			$ (0.12)
Diluted weighted average shares	60,491			60,491

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Great Lakes Dredge & Dock Corporation (Historical)	Magnus Pacific Corporation (Historical)	Pro Forma Adjustments		Pro Forma Combined
Contract revenues	$ 731,418	$ 87,592	$ 351	(I)	$819,361
Costs of contract revenues	631,123	71,507	266	(J)	702,896
Gross profit	100,295	16,085	85		116,465
General and administrative expenses	68,039	6,897	5,388	(K)	80,324
Proceeds from loss of use claim	(13,372)	—	—		(13,372)
Gain on sale of assets—net	(5,773)	(32)	—		(5,805)
Total operating income	51,401	9,220	(5,303)		55,318
Interest expense—net	(21,941)	(329)	(1,854)	(L)	(24,124)
Equity in earnings of joint ventures	1,208	—	—		1,208
Loss on foreign currency transactions—net	(351)	—	—		(351)
Total other expense	(21,084)	(329)	(1,854)		(23,267)
Income from continuing operations before income taxes	30,317	8,891	(7,157)		32,051
Income tax provision	(10,460)	(67)	(598)	(M)	(11,125)
Income from continuing operations	19,857	8,824	(7,755)		20,926
Loss from discontinued operations, net of income taxes	(54,850)	—	—		(54,850)
Net income (loss)	(34,993)	8,824	(7,755)		(33,924)
Net loss attributable to noncontrolling interest	632	—	—		632
Net income (loss) attributable to common stockholders of Great Lakes Dredge & Dock Corporation	$ (34,361)	$ 8,824	$ (7,755)		$ (33,292)
Basic earnings per share attributable to continuing operations	0.33				0.35
Basic loss per share attributable to discontinued operations, net of tax	(0.91)				(0.91)
Basic loss per share attributable to Great Lakes Dredge & Dock Corporation	$ (0.58)				$ (0.56)
Basic weighted average shares	59,495				59,495
Diluted earnings per share attributable to continuing operations	0.33				0.35
Diluted loss per share attributable to discontinued operations, net of tax	(0.90)				(0.90)
Diluted loss per share attributable to Great Lakes Dredge & Dock Corporation	$ (0.57)				$ (0.55)
Diluted weighted average shares	60,101				60,101

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

1. Basis of Pro Forma Presentation

On November 4, 2014, Great Lakes Dredge & Dock Corporation (the "Company"), through a wholly-owned subsidiary entered into and consummated a Share Purchase Agreement (the "Acquisition Agreement") with Magnus Pacific Corporation, a California corporation ("Magnus"), and former Magnus shareholders (each a "Shareholder") pursuant to which the Company purchased all of the shares of Magnus for an aggregate purchase price of approximately $50.0 million, subject to a customary working capital adjustment. Magnus is engaged in the business of environmental remediation, geotechnical construction, demolition, and sediments and wetlands construction.

Under the terms of the Acquisition Agreement, the aggregate purchase price of approximately $50.0 million is satisfied by payment of $25.0 million paid at closing, the issuance of a promissory note of approximately $14 million (the "Promissory Note"), and an earnout payment (the "Earnout Payment"). The original principal amount of the Promissory Note will be finally determined within 60 days after the 2014 fiscal year end. Payments on the Promissory Note will be made in two equal installments on January 1, 2017 and January 1, 2018. The Promissory Note shall bear interest at 5% per annum, which shall begin to accrue on January 1, 2015, and shall continue to accrue until payment of the second installment. In the event Magnus does not achieve minimum earnings before interest, taxes, depreciation and amortization, as adjusted ("Adjusted EBITDA") in the 2015 fiscal year, the principal amount of the Promissory Note will be reduced. The Promissory Note also is subject to reduction based on certain indemnification obligations of the Shareholders under the Acquisition Agreement. The maximum potential aggregate Earnout Payment is $11.4 million and will be determined based on the attainment of combined Adjusted EBITDA targets of Magnus and Terra Contracting Services, LLC, a currently-held wholly-owned subsidiary of the Company (the "Combined EBITDA") for the year ending December 31, 2019. The Earnout Payment may be paid in cash or shares of the Company's common stock, at the Company's option.

The Company and the Shareholders made customary representations, warranties and covenants in the Acquisition Agreement and each party has certain indemnification obligations under the Acquisition Agreement. In addition, Magnus entered into two lease agreements with the Shareholders dated as of the same date as the Acquisition Agreement for office and warehouse space. The leases have five-year terms and are renewable.

The unaudited pro forma condensed combined balance sheet as of September 30, 2014 gives effect to the acquisition as if it occurred on that date. The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2014 and for the year ended December 31, 2013 give effect to the acquisition as if it occurred on January 1, 2013.

The unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and do not purport to present what the actual results of operations or financial position would have been had the transactions actually occurred on the dates indicated, nor do they purport to represent results of operations for any future period. These statements do not reflect any cost savings or other benefits that may be obtained through synergies among the operations of the Company.

For purposes of these unaudited pro forma condensed combined financial statements, the estimated purchase price paid by the Company has been allocated to Magnus' assets acquired and liabilities assumed based on their preliminary fair values as of November 4, 2014 as follows (in thousands):

Property and equipment	$ 11,500
Working capital	14,362
Goodwill and other intangible assets	13,000
Other assets and liabilities—net	(195)
Estimated purchase price at fair value	$ 38,667

Notes to the Unaudited Pro Forma Condensed Combined Balance Sheet

2. Pro Forma Adjustments

Adjustments included in the column under the heading "Pro Forma Adjustments" in the unaudited pro forma condensed combined financial statements correspond to the following descriptions (numbers in thousands):

No cash or debt was acquired in the transaction and adjustments to remove the Magnus historical balances as of the pro forma balance sheet has been included. In addition, the real estate that was owned by Magnus prior to acquisition was not acquired. The balances removed from the Magnus historical financial statements for assets or liabilities not purchased are as follows:

Cash	$ 569
Property and equipment—net (representing real estate assets not purchased)	5,310
Revolving credit facility	13,033
Current portion of long term debt	2,681
Long term note payable	7,327

(A) The pro forma adjustment to cash is the result of cash not acquired of $569 plus the $839 of deferred financing fees that were paid to issue the $25 million of senior unsecured notes used to finance the cash payments to the Shareholders in conjunction with this acquisition. The total pro forma adjustment to cash is $1,408.

(B) The pro forma adjustment to accounts receivable, in progress contract revenues to billings, and investment in joint ventures represent preliminary differences in accounting policies on revenue recognition for construction contracts in process.

(C) The pro forma adjustment to prepaid and other current assets includes the $839 of deferred financing fees that were paid to issue the $25 million of senior unsecured notes used to finance the cash payments to the Shareholders.

(D) The pro forma adjustment to property and equipment – net includes an increase of $1,570 to represent the preliminary estimated fair values for the net assets to be acquired. These estimates are preliminary and are subject to change upon completion of the valuation process. In addition, the pro forma adjustment reflects the removal of the historical value of $5,310 for the real estate not purchased. The total pro forma adjustment to property, plant and equipment is $3,740.

(E) Magnus had no prior goodwill or intangibles. The aggregate estimate of goodwill and other intangible assets that will be established in the purchase price allocation is $13,000. These estimates are preliminary and are subject to change upon completion of the valuation process.

(F) The pro forma adjustment to accrued expenses represents the amount the September 30, 2014 working capital exceeds the target level of $15,470 established in the Acquisition Agreement and would be owed to the former Shareholders if the acquisition had closed on that date. The final working capital adjustment will be based on the identifiable assets acquired and liabilities assumed as of November 4, 2014 and is subject to change based on information that may be accumulated prior to the final allocation of purchase price.

(G) The acquisition was funded through cash, the Promissory Note and the Earnout Payment. The $25 million of cash was funded through the issuance of additional senior unsecured notes, and therefore the pro forma includes an adjustment for the new notes. The Promissory Note and the Earnout Payment have a preliminary fair market value as follows and a pro forma adjustment has been added for these balances:

	Face Value	Fair Market Value
Promissory Note	$ 14,000	$ 5,680
Earnout Payment	11,400	7,987

The Promissory Note preliminary fair value is impacted by adjustments that are made based upon Minimum EBITDA expectations. The Promissory Note preliminary fair value is presented on the Long Term Note Payable balance sheet line. In addition, a pro forma adjustment was made to remove the historical value of $2,681 of current debt and $7,327 of long term debt not purchased. The total pro forma adjustment to long term note payable is $1,647. The pro forma adjustment to revolving credit facility includes the $13,033 of debt not acquired. The Earnout Payment preliminary fair value is included on the Other Long Term Liabilities balance sheet line.

Subsequent to the acquisition, certain events that result in a change to the contingent payments occurred. No adjustment has been included in the pro forma financial statements for these changes.

(H) The pro forma adjustment to equity reflects the elimination of Magnus' historical common stock, accumulated paid in capital, accumulated earnings and noncontrolling interest.

Notes to the Unaudited Pro Forma Condensed Combined Statements of Operations

A preliminary review of the accounting policies and presentation of the financial statements of Magnus has been performed to conform to those of the Company. Based on this review, certain amounts included in Magnus' historical statements of operations have been reclassified to conform with the Company's accounting policies and presentation of the financial statements. The final results of the complete review of accounting policies and presentation may result in additional differences. There can be no assurances that such finalization will not result in material differences.

(I) A review of revenue recognition on existing contracts yielded a change in revenue based upon the accounting policies of the Company applied to existing Magnus contracts. The difference is primarily related to the timing of revenue recognition which the Company would have recorded.

(J) The pro forma adjustment to cost of contract revenues represents the removal of historical depreciation and the recognition of depreciation that would have been recorded on the fair market value of assets purchased.

(K) The pro forma adjustment to general & administrative expense represents the following:

	For the nine months ended September 30, 2014	For the twelve months ended December 31, 2013
Fair market value of rental payments for real estate not purchased	$ 216	$ 288
Estimation of amortization for intangibles established in the purchase	300	5,100
Total pro forma adjustment to general & administrative expense	$ 516	$ 5,388

(L) The pro forma adjustment to interest expense represents the following:

	For the nine months ended September 30, 2014	For the twelve months ended December 31, 2013
Senior unsecured notes at an effective interest rate of 7.375%	$ 1,383	$ 1,844
Promissory Note at an effective interest rate of 5%	213	284
Elimination of historical Magnus interest on debt not purchased	(298)	(274)
Total pro forma adjustment to interest expense	$ 1,298	$ 1,854

(M) The pro forma adjustment to income tax provision reflects the impact of Magnus historical net income, as well as the pro forma adjustments at the Company's effective tax rate of 40.1% and 34.5% for the period ended September 30, 2014 and December 31, 2013, respectively.