NEWPARK RESOURCES INC
Form 10-Q
October 29, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q

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

For the quarterly period ended September 30, 2010

or

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

For the transition period from __________ to __________.

Commission File No. 1-2960

Newpark Resources, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**72-1123385**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2700 Research Forest Drive, Suite 100 The Woodlands, Texas	**77381**
(Address of principal executive offices)	(Zip Code)

(281) 362-6800

(Registrant s telephone number, including area code)

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

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

Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer , accelerated filer and small reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No þ

As of October 19, 2010, a total of 90,453,974 shares of common stock, $0.01 par value per share, were outstanding.

NEWPARK RESOURCES, INC.
INDEX TO QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2010

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking statements in other materials we release to the public. The words anticipates, believes, estimates, expects, p intends, and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties and contingencies, including the risks identified in Item 1A in Part II of this Quarterly Report, Item 1A, Risk Factors, in Part I of our Annual Report on Form 10-K for the year ended December 31, 2009, and those set forth from time to time in our filings with the Securities and Exchange Commission, could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, these statements, including the success or failure of our efforts to implement our business strategy.

We assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report on Form 10-Q might not occur.

For further information regarding these and other factors, risks and uncertainties affecting us, we refer you to the risk factors set forth in Item 1A in Part II of this Quarterly Report and Part I of our Annual Report on Form 10-K for the year ended December 31, 2009.

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PART I FINANCIAL INFORMATION
ITEM 1. Financial Statements
Newpark Resources, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands, except share data)	September 30, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	$ 12,102	$ 11,534
Receivables, net	175,078	122,386
Inventories	117,629	115,495
Deferred tax asset	23,315	7,457
Prepaid expenses and other current assets	13,398	11,740
Total current assets	341,522	268,612
Property, plant and equipment, net	212,382	224,625
Goodwill	62,029	62,276
Other intangible assets, net	13,648	16,037
Other assets	4,202	13,564
Total assets	$ 633,783	$ 585,114
LIABILITIES AND STOCKHOLDERS EQUITY		
Foreign bank lines of credit	$ 3,028	$ 6,901
Current maturities of long-term debt	10,192	10,319
Accounts payable	68,584	62,992
Accrued liabilities	37,320	25,290
Total current liabilities	119,124	105,502
Long-term debt, less current portion	86,549	105,810
Deferred tax liability	22,525	2,083
Other noncurrent liabilities	5,029	3,697
Total liabilities	233,227	217,092
Commitments and contingencies (Note 6)		
Common stock, $0.01 par value, 200,000,000 shares authorized 93,099,069 and 91,672,871 shares issued, respectively	931	917
Paid-in capital	467,026	460,544
Accumulated other comprehensive income	7,629	8,635
Retained deficit	(59,804)	(86,660)
Treasury stock, at cost; 2,695,095 and 2,727,765 shares, respectively	(15,226)	(15,414)

Total stockholders equity		400,556		368,022
Total liabilities and stockholders equity	$	633,783	$	585,114

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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Newpark Resources, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

(In thousands, except per share data)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Revenues	$ 179,278	$ 118,208	$ 521,428	$ 354,745
Cost of revenues	145,224	103,985	424,041	332,442
Selling, general and administrative expenses	16,662	14,676	47,435	45,519
Other income, net	(2,140)	(2,691)	(3,185)	(2,753)
Operating income (loss)	19,532	2,238	53,137	(20,463)
Foreign currency exchange loss (gain)	1,184	(1,011)	(640)	(1,572)
Interest expense	3,278	3,361	7,654	6,611
Income (loss) from operations before income taxes	15,070	(112)	46,123	(25,502)
Provision for income taxes	6,836	(314)	19,267	(4,913)
Net income (loss)	$ 8,234	$ 202	$ 26,856	$ (20,589)
Basic weighted average common shares outstanding	89,334	88,544	88,938	88,469
Diluted weighted average common shares outstanding	90,557	88,655	89,635	88,469
Income (loss) per common share basic	$ 0.09	$	$ 0.30	$ (0.23)
Income (loss) per common share diluted	$ 0.09	$	$ 0.30	$ (0.23)

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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Newpark Resources, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2010	2009	2010	2009
Net income (loss)	$ 8,234	$ 202	$ 26,856	$ (20,589)
Changes in fair value of interest rate swap, net of tax		(39)		288
Reclassification adjustment, net of tax	819		858	
Foreign currency translation adjustments	6,503	4,523	(1,864)	7,480
Comprehensive income (loss)	$ 15,556	$ 4,686	$ 25,850	$ (12,821)

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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Newpark Resources, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Nine Months Ended September 30, 2010	2009
Cash flows from operating activities:		
Net income (loss)	$ 26,856	$ (20,589)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Non-cash impairment charges	225	1,091
Depreciation and amortization	20,382	20,890
Stock-based compensation expense	2,899	2,262
Provision for deferred income taxes	13,551	(7,718)
Provision for doubtful accounts	602	2,357
Gain on sale of assets	(183)	(752)
Change in assets and liabilities:		
(Increase) decrease in receivables	(54,568)	103,397
(Increase) decrease in inventories	(3,100)	28,179
Increase in other assets	(1,458)	(551)
Increase (decrease) in accounts payable	6,638	(44,911)
Increase (decrease) in accrued liabilities and other	14,264	(13,890)
Net cash provided by operating activities	26,108	69,765
Cash flows from investing activities:		
Capital expenditures	(7,412)	(17,219)
Proceeds from sale of property, plant and equipment	1,161	1,255
Net cash used in investing activities	(6,251)	(15,964)
Cash flows from financing activities:		
Borrowings on lines of credit	133,121	114,742
Payments on lines of credit	(155,726)	(168,763)
Principal payments on notes payable and long-term debt	(342)	(299)
Proceeds from employee stock plans	3,559	104
Purchase of treasury stock	(153)	(212)
Net cash used in financing activities	(19,541)	(54,428)
Effect of exchange rate changes on cash	252	(1,326)
Net increase (decrease) in cash and cash equivalents	568	(1,953)
Cash and cash equivalents at beginning of period	11,534	8,252
Cash and cash equivalents at end of period	$ 12,102	$ 6,299

Cash paid for:				
Income taxes (net of refunds)	$	5,356	$	4,393
Interest	$	6,424	$	4,522

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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NEWPARK RESOURCES, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Basis of Presentation and Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of Newpark Resources, Inc. and our wholly-owned subsidiaries, which we refer to as we, our or us, have been prepared in accordance with Rule 10-01 o Regulation S-X for interim financial statements required to be filed with the Securities and Exchange Commission (SEC), and do not include all information and footnotes required by the accounting principles generally accepted in the United States (U.S. GAAP) for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2009, as updated by our Current Report on Form 8-K, filed with the SEC on May 12, 2010 (Form 8-K). Our fiscal year end is December 31, our third quarter represents the three month period ending September 30 and our first nine months represents the nine month period ending September 30. The results of operations for the third quarter and first nine months of 2010 are not necessarily indicative of the results to be expected for the entire year.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of September 30, 2010, the results of our operations for the third quarter and first nine months of 2010 and 2009, and our cash flows for the first nine months of 2010 and 2009. All adjustments are of a normal recurring nature. Our balance sheet at December 31, 2009 is derived from the audited financial statements at that date.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. For further information, see Note 1 in our Annual Report on Form 10-K for the year ended December 31, 2009, as updated by our Form 8-K, filed with the SEC on May 12, 2010.

New Accounting Standards

In October 2009, the Financial Accounting Standards Board (FASB) issued additional guidance on multiple-deliverable revenue arrangements. The guidance provides amendments to the criteria for separating consideration in multiple-deliverable arrangements. It replaces the term fair value in the revenue allocation guidance with selling price to clarify that the allocation of revenue is based on entity-specific assumptions rather than assumptions of a marketplace participant, and they establish a selling price hierarchy for determining the selling price of a deliverable. The amendments eliminate the residual method of allocation and require that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method, and they significantly expand the required disclosures related to multiple-deliverable revenue arrangements. The amendments were effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010 and we do not expect the impact of this additional guidance to have a material impact on our financial statements.

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Note 2 Earnings per Share

The following table presents the reconciliation of the numerator and denominator for calculating income per share:

	Third Quarter		First Nine Months	
(In thousands, except per share data)	2010	2009	2010	2009
Net income (loss)	$ 8,234	$ 202	$ 26,856	$ (20,589)
Weighted average number of common shares outstanding	89,334	88,544	88,938	88,469
Add: Net effect of dilutive stock options and restricted stock awards	1,223	111	697	
Adjusted weighted average number of common shares outstanding	90,557	88,655	89,635	88,469
Net income (loss) per common share:				
Basic	$ 0.09	$	$ 0.30	$ (0.23)
Diluted	$ 0.09	$	$ 0.30	$ (0.23)
Stock options, restricted stock and warrants excluded from calculation of diluted earnings per share because they were anti-dilutive for the period	2,167	7,289	3,941	6,346

For the third quarter of 2010 and 2009, we had weighted average dilutive stock options and restricted stock outstanding of approximately 5.0 million shares and 0.4 million shares respectively, and approximately 3.3 million shares for the first nine months of 2010. For the first nine months of 2009 we did not have any dilutive stock options or restricted stock. The resulting net effect of stock options and restricted stock were used in calculating diluted income per share for the period.

During the second quarter of 2010, the Compensation Committee of our Board of Directors approved equity-based compensation to executive officers and other key employees. These awards included a grant of 636,030 time-vesting shares of stock, which vest equally over a three year period. The fair value on the date of grant for these awards was $5.61 per share.

Additionally, in June 2010, non-employee directors received shares of restricted stock totaling 100,970 shares, which will vest in full on the first anniversary of the grant date.

On June 1, 2000, we completed the sale of 120,000 shares of Series B Convertible Preferred Stock, $0.01 par value per share (the Series B Preferred Stock), and a warrant (the Series B Warrant) to purchase up to 1,900,000 shares of our common stock at an exercise price of $10.075 per share, subject to anti-dilution adjustments. Prior to 2006, all outstanding shares of the Series B Preferred Stock were converted to common stock. The Series B Warrant was originally issued with a seven year life, expiring June 1, 2007. This warrant contains certain registration provisions, which, if not met, reduce the exercise price of the warrant by 2.5%, for each year we are not in compliance with the registration requirements, and extend the term of the warrant. Effective May 1, 2009, we became compliant with the registration requirements for the warrant. Previously, because of a restatement of our earnings which occurred in 2006, we were not in compliance with these requirements which resulted in adjustments to the exercise price and extended the term of the warrant. As of September 30, 2010, the Series B Warrant, as adjusted for certain anti-dilution provisions, remains outstanding and provides for the right to purchase up to approximately 2.1 million shares of our common stock at an exercise price of $8.97, and expires in February 2012.

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Note 3 Receivables and Inventories

Receivables Receivables, net consist of the following:

(In thousands)	September 30, 2010	December 31, 2009
Gross trade receivables	$ 174,075	$ 123,909
Allowance for doubtful accounts	(6,409)	(5,969)
Net trade receivables	167,666	117,940
Notes and other receivables	7,412	4,446
Total receivables, net	$ 175,078	$ 122,386

Inventories Our inventories include $116.8 million and $113.3 million of raw materials and components for our drilling fluids systems at September 30, 2010 and December 31, 2009, respectively. The remaining balance consists primarily of composite mat finished goods.

Note 4 Financing Arrangements

Our financing arrangements include a $150.0 million revolving credit facility, of which $66.0 million was outstanding at September 30, 2010, and a term loan, of which $30.0 million remained outstanding at September 30, 2010.

In October 2010, we completed the sale and issuance of unsecured Convertible Senior Notes due October 1, 2017 in the aggregate principle amount of $172.5 million (Senior Notes). The Senior Notes bear interest at a rate of 4.0% per year, payable semi-annually in arrears on April 1 and October 1 of each year, beginning April 1, 2011. Holders may convert the Senior Notes at their option at any time prior to the close of business on the business day immediately preceding the October 1, 2017 maturity date. The conversion rate is initially 90.8893 shares of Company common stock per $1,000 principal amount of Senior Notes (equivalent to an initial conversion price of approximately $11.00 per share of common stock), subject to adjustment in certain circumstances. Upon conversion, the Senior Notes will be settled in shares of the Company s common stock. The Company may not redeem the Senior Notes at its election prior to their maturity date.

Net proceeds of $167.3 million were received in October 2010, reduced by $5.2 million for the underwriters discounts and commissions. Following the October 2010 funding of this offering, proceeds were used to fully repay the revolving credit facility balance and the $30.0 million term loan balance. We expect $0.2 million of deferred financing costs associated with our term loan to be written off in the fourth quarter of 2010.

Note 5 Fair Value of Financial Instruments

Our derivative financial instruments consist of interest rate swap agreements entered into in January 2008, which effectively fix the underlying LIBOR rate on our borrowings under our term loan. The initial notional amount of the swap agreements totaled $50.0 million reducing by $10.0 million each December, matching the required principal payments under the term loan. As of September 30, 2010, $30.0 million remained outstanding on the term loan. As a result of the swap agreements, we pay a fixed rate of 3.74% plus the applicable margin.

Following the issuance of the Senior Notes in October 2010 and the subsequent repayment of the $30.0 million term loan balance, the cash flow hedge agreements were terminated and settled in October 2010 for $1.2 million. As a result of the pending termination, the swap agreements no longer qualified for cash flow hedge accounting at September 30, 2010 and a $1.2 million derivative loss previously reported in accumulated other comprehensive income was recorded to interest expense in the third quarter of 2010.

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Our financial instruments include cash and cash equivalents, receivables, payables, debt, and certain derivative financial instruments. We believe the carrying values of these instruments approximated their fair values at September 30, 2010 and December 31, 2009.

At September 30, 2010 and December 31, 2009, the estimated fair value of total debt is equal to the carrying value of $99.8 million and $123.0 million, respectively.

Note 6 Commitments and Contingencies

In the ordinary course of conducting our business, we become involved in litigation and other claims from private party actions, as well as judicial and administrative proceedings involving governmental authorities at the federal, state and local levels. In the opinion of management, any liability in these matters should not have a material effect on our consolidated financial statements.

SEC Investigation

On March 12, 2007, we were advised that the SEC opened a formal investigation into the matters disclosed in Amendment No. 2 to our Annual Report on Form 10-K/A filed on October 10, 2006. We have and will continue to cooperate fully with the SEC s investigation. On July 16, 2009, the SEC filed a civil lawsuit against our former Chief Financial Officer, the former Chief Financial Officer of our Soloco business unit and one former vendor in connection with the transactions that were described in the Amended Form 10-K/A. Subsequently, the SEC announced that it reached settlement of its claims against all three defendants. We were not named as a defendant in this lawsuit. In October 2010, the SEC informed us that they have completed their investigation associated with these matters.

Note 7 Segment Data

Summarized operating results for our reportable segments is shown in the following table (net of inter-segment transfers):

	Third Quarter		First Nine Months	
(In thousands)	**2010**	**2009**	**2010**	**2009**
Revenues				
Fluids systems and engineering	$ 148,140	$ 99,421	$ 434,984	$ 295,651
Mats and integrated services	18,186	7,578	48,787	25,079
Environmental services	12,952	11,209	37,657	34,015
Total revenues	$ 179,278	$ 118,208	$ 521,428	$ 354,745
Operating income (loss)				
Fluids systems and engineering	$ 11,845	$ 2,541	$ 39,423	$ (4,755)(4)
Mats and integrated services	8,592(1)	(879)	16,342(1)(3)	(9,067)(4)
Environmental services	3,944	4,070(2)	10,847	6,612(2)
Corporate office	(4,849)	(3,494)	(13,475)	(13,253)(4)
Operating income (loss)	$ 19,532	$ 2,238	$ 53,137	$ (20,463)

(1) Includes $2.2 million of income related to a lawsuit settlement against a former raw materials

vendor.

(2) Includes $2.3 million of income reflecting proceeds from the settlement of business interruption claims related to hurricanes and storms in 2008.

(3) Includes $0.9 million of income reflecting proceeds from insurance claims related to Hurricane Ike in 2008.

(4) Includes employee termination and related charges of $4.5 million, which includes $3.1 million in fluids systems and engineering, $1.0 million in mats and integrated services and $0.4 million in our corporate office.

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Note 8 Guarantor and Non-Guarantor Financials

In May 2010, we filed a shelf registration statement on Form S-3 (Form S-3) registering up to $200 million in securities that may be issued by the Company from time to time. The Form S-3 was declared effective by the SEC on May 19, 2010. In October 2010, we completed our offering of Senior Notes under this shelf registration statement (see Note 4 Financing Arrangements for additional information). Under our shelf registration statement, we may in the future issue additional debt securities registered pursuant to the Form S-3 that are fully and unconditionally guaranteed by certain subsidiaries of the Company, as identified in the Form S-3 and primarily consisting of our U.S. subsidiaries. As a result, we are required to present consolidating financial information regarding the guarantors and non-guarantors of the securities in accordance with SEC Regulation S-X Rule 3-10. As specified in Rule 3-10, the unaudited condensed consolidating balance sheets, results of operations, and statements of cash flows presented on the following pages meet the requirements for financial statements of the issuer and each guarantor of the debt securities because the guarantors are all direct or indirect wholly-owned subsidiaries of Newpark Resources, Inc., and all of the guarantees are full and unconditional on a joint and several basis. The unaudited condensed consolidating balance sheet as of September 30, 2010 and December 31, 2009, the unaudited condensed consolidating statements of operations for the third quarter and first nine months of 2010 and 2009, and the unaudited condensed consolidated statements of cash flows for the first nine months of 2010 and 2009 are as follows:

Condensed Consolidating Balance Sheets

		September 30, 2010			
(in thousands) (unaudited)	Parent	Guarantor subsidiaries	Non-guarantor subsidiaries	Consolidating entries	Consolidated
ASSETS					
Cash and cash equivalents	$ 244	$	$ 11,858	$	$ 12,102
Receivables, net	201	118,357	56,520		175,078
Inventories		77,115	40,514		117,629
Deferred tax asset	15,937	7,091	287		23,315
Prepaid expenses and other current assets	1,639	2,132	9,627		13,398
Total current assets	18,021	204,695	118,806		341,522
Property, plant and equipment, net	3,834	183,424	25,124		212,382
Goodwill		38,237	23,792		62,029
Other intangible assets, net		11,231	2,417		13,648
Other assets	2,037	682	1,483		4,202
Investment in subsidiaries	153,757	26,165		(179,922)	
Total assets	$ 177,649	$ 464,434	$ 171,622	$ (179,922)	$ 633,783
LIABILITIES AND STOCKHOLDERS EQUITY					
Foreign bank lines of credit	$	$	$ 3,028	$	$ 3,028
Current maturities of long-term debt	10,000		192		10,192
Accounts payable	706	46,647	21,231		68,584
Accrued liabilities	12,947	11,658	12,715		37,320

Total current liabilities	23,653	58,305	37,166		119,124
Long-term debt, less current portion	86,000		549		86,549
Deferred tax liability	(6,137)	27,436	1,226		22,525
Other noncurrent liabilities	2,764	10	2,255		5,029
Net intercompany (receivable) payable	(329,187)	261,214	67,973		
Total liabilities	(222,907)	346,965	109,169		233,227
Common stock	931	24,557	25,991	(50,548)	931
Paid-in capital	467,026	56,417	3	(56,420)	467,026
Accumulated other comprehensive income	7,629		14,956	(14,956)	7,629
Retained (deficit) earnings	(59,804)	36,495	21,503	(57,998)	(59,804)
Treasury stock, at cost	(15,226)				(15,226)
Total stockholders equity	400,556	117,469	62,453	(179,922)	400,556
Total liabilities and stockholders equity	$ 177,649	$ 464,434	$ 171,622	$ (179,922)	$ 633,783

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(in thousands) (unaudited)	Parent	Guarantor subsidiaries	December 31, 2009 Non-guarantor subsidiaries	Consolidating Entries	Consolidated
ASSETS					
Cash and cash equivalents	$ 162	$	$ 11,372	$	$ 11,534
Receivables, net	9	72,985	49,392		122,386
Inventories		72,197	43,298		115,495
Deferred tax asset	155	7,091	211		7,457
Prepaid expenses and other current assets	1,937	2,384	7,419		11,740
Total current assets	2,263	154,657	111,692		268,612
Property, plant and equipment, net	3,766	194,902	25,957		224,625
Goodwill		38,237	24,039		62,276
Other intangible assets, net		13,249	2,788		16,037
Deferred tax and other assets	38,379	680	1,151	(26,646)	13,564
Investment in subsidiaries	93,860	26,171		(120,031)	
Total assets	$ 138,268	$ 427,896	$ 165,627	$ (146,677)	$ 585,114
LIABILITIES AND STOCKHOLDERS EQUITY					
Foreign bank lines of credit	$	$	$ 6,901	$	$ 6,901
Current maturities of long-term debt	10,000	107	212		10,319
Accounts payable	1,195	38,317	23,480		62,992
Accrued liabilities	7,940	7,945	9,405		25,290
Total current liabilities	19,135	46,369	39,998		105,502
Long-term debt, less current portion	105,000		810		105,810
Deferred tax liability		27,437	1,292	(26,646)	2,083
Other noncurrent liabilities	1,782	10	1,905		3,697
Net intercompany (receivable) payable	(356,257)	295,408	60,849		
Total liabilities	(230,340)	369,224	104,854	(26,646)	217,092
Common stock	917	24,907	25,945	(50,852)	917
Paid-in capital	460,544	56,423	3	(56,426)	460,544
Accumulated other comprehensive income	5,230		17,241	(13,836)	8,635
Retained (deficit) earnings	(82,669)	(22,658)	17,584	1,083	(86,660)
Treasury stock, at cost	(15,414)				(15,414)

Total stockholders equity	368,608	58,672	60,773	(120,031)	368,022
Total liabilities and stockholders equity	$ 138,268	$ 427,896	$ 165,627	$ (146,677)	$ 585,114

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Condensed Consolidated Statements of Operations
Third Quarter 2010 and 2009

			Third Quarter 2010		
(in thousands) (unaudited)	Parent	Guarantor subsidiaries	Non-guarantor subsidiaries	Consolidating entries	Consolidated
Revenues	$	$ 135,029	$ 44,249	$	$ 179,278
Cost of revenues		108,094	37,130		145,224
Selling, general and administrative expenses	4,849	7,424	4,389		16,662
Other (income) expense, net		(2,186)	46		(2,140)
Operating (loss) income	(4,849)	21,697	2,684		19,532
Foreign currency exchange (gain) loss		(33)	1,217		1,184
Interest expense	3,131	28	119		3,278
Intercompany interest (income) expense		(746)	746		
(Loss) income from operations before income taxes	(7,980)	22,448	602		15,070
Provision for income taxes	(3,568)	10,055	349		6,836
Equity in income of subsidiaries	12,646	472		(13,118)	
Net income	$ 8,234	$ 12,865	$ 253	$ (13,118)	$ 8,234

			Third Quarter 2009		
(in thousands) (unaudited)	Parent	Guarantor subsidiaries	Non-guarantor subsidiaries	Consolidating entries	Consolidated
Revenues	$	$ 76,998	$ 41,210	$	$ 118,208
Cost of revenues		71,903	32,082		103,985
Selling, general and administrative expenses	3,494	6,162	5,020		14,676
Other income, net		(2,686)	(5)		(2,691)
Operating (loss) income	(3,494)	1,619	4,113		2,238
Foreign currency exchange loss (gain)		38	(1,049)		(1,011)

Interest expense (income)	3,307	(4)	58		3,361
Intercompany interest (income) expense	(342)	(643)	985		
(Loss) income from operations before income taxes	(6,459)	2,228	4,119		(112)
Provision for income taxes	(2,018)	621	1,083		(314)
Equity in income of subsidiaries	4,643	3,480		(8,123)	
Net income	$ 202	$ 5,087	$ 3,036	$ (8,123)	$ 202

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First Nine Months 2010 and 2009

(in thousands) (unaudited)	Parent	Guarantor subsidiaries	Non-guarantor subsidiaries	Consolidating entries	Consolidated
	First Nine Months 2010				
Revenues	$	$ 386,274	$ 135,154	$	$ 521,428
Cost of revenues		311,527	112,514		424,041
Selling, general and administrative expenses	13,484	21,169	12,782		47,435
Other (income) expense, net	(11)	(3,434)	260		(3,185)
Operating (loss) income	(13,473)	57,012	9,598		53,137
Foreign currency exchange loss (gain)		41	(681)		(640)
Interest expense	7,314	13	327		7,654
Intercompany interest (income) expense		(2,194)	2,194		
(Loss) income from operations before income taxes	(20,787)	59,152	7,758		46,123
Provision for income taxes	(8,543)	24,312	3,498		19,267
Equity in income of subsidiaries	39,100	4,134		(43,234)	
Net income	$ 26,856	$ 38,974	$ 4,260	$ (43,234)	$ 26,856

(in thousands) (unaudited)	Parent	Guarantor subsidiaries	Non-guarantor subsidiaries	Consolidating entries	Consolidated
	First Nine Months 2009				
Revenues	$	$ 247,089	$ 107,656	$	$ 354,745
Cost of revenues		242,983	89,459		332,442
Selling, general and administrative expenses	13,253	21,289	10,977		45,519
Other (income) expense, net		(2,778)	25		(2,753)
Operating (loss) income	(13,253)	(14,405)	7,195		(20,463)
Foreign currency exchange gain		(54)	(1,518)		(1,572)
Interest expense (income)	6,456	(10)	165		6,611
	(1,052)	(1,481)	2,533		

Intercompany interest (income) expense										
(Loss) income from operations before income taxes		(18,657)		(12,860)		6,015				(25,502)
Provision for income taxes		(5,694)		(3,927)		4,708				(4,913)
Equity in income (loss) of subsidiaries		(7,626)		5,681				1,945		
Net (loss) income	$	(20,589)	$	(3,252)	$	1,307	$	1,945	$	(20,589)

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Condensed Consolidated Statements of Cash Flows