

North American Energy Partners Inc.
Form 6-K
February 02, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

under the Securities Exchange Act of 1934

For the month of February 2012

Commission File Number 001-33161

NORTH AMERICAN ENERGY PARTNERS INC.

Zone 3 Acheson Industrial Area

2-53016 Highway 60

Acheson, Alberta

Canada T7X 5A7

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Documents Included as Part of this Report

1. Interim consolidated financial statements of North American Energy Partners Inc. for the three and nine months ended December 31, 2011.
2. Management's Discussion and Analysis for the three and nine months ended December 31, 2011.

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, thereunto duly authorized.

NORTH AMERICAN ENERGY PARTNERS INC.

By: /s/ David Blackley

Name: David Blackley

Title: Chief Financial Officer

Date: February 2, 2012

NORTH AMERICAN ENERGY PARTNERS INC.

Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2011

(Expressed in thousands of Canadian Dollars)

(Unaudited)

Interim Consolidated Balance Sheets

(Expressed in thousands of Canadian Dollars)

(Unaudited)

	December 31, 2011	March 31, 2011
Assets		
Current assets		
Cash and cash equivalents	\$1,797	\$722
Accounts receivable, net (allowance for doubtful accounts of \$210, March 31, 2011 \$30)	145,706	128,482
Unbilled revenue (note 6)	141,521	102,939
Inventories	20,830	7,735
Prepaid expenses and deposits	9,119	8,269
Investment in and advances to unconsolidated joint venture (note 7)	1,324	1,488
Deferred tax assets	1,607	1,729
	321,904	251,364
Other assets	21,045	26,908
Property, plant and equipment, net (accumulated depreciation of \$208,647, March 31, 2011 \$183,357)	326,741	321,864
Goodwill (note 4)	32,901	32,901
Deferred tax assets	57,170	49,920
Total Assets	\$759,761	\$682,957
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$143,343	\$86,053
Accrued liabilities	30,734	32,814
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	12,811	2,004
Current portion of capital lease obligations	3,525	4,862
Current portion of term facilities (note 8(b))	10,000	10,000
Current portion of derivative financial instruments (note 11(a))	2,832	2,474
Deferred tax liabilities	30,586	27,612
	233,831	165,819
Capital lease obligations	1,488	3,831
Long term debt (note 8(a))	313,946	286,970
Derivative financial instruments (note 11(a))	7,736	9,054
Other long term obligations	11,040	25,576
Deferred tax liabilities	48,144	44,441
	616,185	535,691
Shareholders' equity		
Common shares (authorized unlimited number of voting common shares; issued and outstanding December 31, 2011 36,249,086 (March 31, 2011 36,242,526) (note 9(a))	304,896	304,854
Additional paid-in capital	7,618	7,007
Deficit	(168,943)	(164,536)
Accumulated other comprehensive income (loss)	5	(59)
	143,576	147,266
Total liabilities and shareholders' equity	\$759,761	\$682,957
Contingencies (note 15)		

See accompanying notes to interim consolidated financial statements.



Interim Consolidated Statements of Operations and Comprehensive (Loss) Income

(Expressed in thousands of Canadian Dollars, except per share amounts)

(Unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Revenue	\$284,630	\$265,086	\$724,039	\$683,538
Project costs	188,463	148,019	427,332	357,736
Equipment costs	49,607	58,819	159,107	170,180
Equipment operating lease expense	16,201	16,940	49,629	53,340
Depreciation	10,319	10,501	27,939	26,758
Gross profit	20,040	30,807	60,032	75,524
General and administrative expenses	15,136	16,509	39,738	45,515
Loss on disposal of property plant and equipment	273	847	701	1,428
Loss (gain) on disposal of assets held for sale	40	873	(456)	848
Amortization of intangible assets	1,174	992	4,463	2,252
Equity in loss of unconsolidated joint venture (note 7)	609	359	164	876
Operating income before the undernoted	2,808	11,227	15,422	24,605
Interest expense, net (note 10)	7,599	7,193	22,524	22,630
Foreign exchange loss (gain)	134	(42)	70	(1,690)
Realized and unrealized gain on derivative financial instruments (note 11(b))	(2,392)	(2,040)	(960)	(340)
Loss on debt extinguishment				4,346
(Loss) income before income taxes	(2,533)	6,116	(6,212)	(341)
Income tax (benefit) expense (note 12(c)):				
Current	168	(51)	(1,476)	4,436
Deferred	(811)	2,425	(451)	(579)
Net (loss) income	(1,890)	3,742	(4,285)	(4,198)
Other comprehensive (loss) income				
Unrealized foreign currency translation (loss) gain	(32)	(20)	64	(20)
Comprehensive (loss) income	(1,922)	3,722	(4,221)	(4,218)
Net (loss) income per share basic (note 9(b))	\$(0.05)	\$0.10	\$(0.12)	\$(0.12)
Net (loss) income per share diluted (note 9(b))	\$(0.05)	\$0.10	\$(0.12)	\$(0.12)

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian Dollars)

(Unaudited)

	Common shares	Additional paid-in capital	Deficit	Accumulated other comprehensive (loss) income	Total
Balance at March 31, 2010	\$303,505	\$7,439	\$(129,886)	\$	\$181,058
Net loss			(4,198)		(4,198)
Unrealized foreign currency translation gain				(20)	(20)
Share option plan		1,066			1,066
Deferred performance share unit plan		(57)			(57)
Stock award plan		653			653
Exercised stock options	882	(245)			637
Senior executive stock option plan		(2,237)			(2,237)
Balance at December 31, 2010	\$304,387	\$6,619	\$(134,084)	\$(20)	\$176,902
Balance at March 31, 2011	\$304,854	\$7,007	\$(164,536)	\$(59)	\$147,266
Net loss			(4,285)		(4,285)
Unrealized foreign currency translation gain				64	64
Share option plan		1,031			1,031
Reclassified to restricted share unit liability		(121)			(121)
Stock award plan		223			223
Exercised stock options	42	(14)			28
Repurchase of shares to settle stock award plan		(700)	(122)		(822)
Senior executive stock option plan		192			192
Balance at December 31, 2011	\$304,896	\$7,618	\$(168,943)	\$5	\$143,576

See accompanying notes to interim consolidated financial statements.



Interim Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian Dollars)

(Unaudited)

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Cash provided by (used in):				
Operating activities:				
Net (loss) income for the period	\$(1,890)	\$3,742	\$(4,285)	\$(4,198)
Items not affecting cash:				
Depreciation	10,319	10,501	27,939	26,758
Equity in loss of unconsolidated joint venture (note 7)	609	359	164	876
Amortization of intangible assets	1,174	992	4,463	2,252
Amortization of deferred lease inducements	(26)	(26)	(80)	(80)
Amortization of deferred financing costs (note 10)	386	360	1,198	1,243
Loss on disposal of property plant and equipment	273	847	701	1,428
Loss (gain) on disposal of assets held for sale	40	873	(456)	848
Realized and unrealized foreign exchange gain on 8 ³ / ₄ % senior notes				(732)
Realized and unrealized gain on derivative financial instruments (note 11(b))	(2,392)	(2,040)	(960)	(340)
Loss on debt extinguishment				4,346
Stock-based compensation expense (note 14(a))	1,622	4,451	(1,584)	7,377
Cash settlement of restricted share unit plan (note 14(e))			(318)	
Settlement of stock award plan (note 14(g))	(382)		(822)	
Accretion of asset retirement obligation	10	9	29	26
Deferred income tax (benefit) expense	(811)	2,425	(451)	(579)
Net changes in non-cash working capital (note 12(b))	24,736	(49,113)	(15,839)	(53,253)
	33,668	(26,620)	9,699	(14,028)
Investing activities:				
Acquisition (note 5)		(20,820)		(20,820)
Purchase of property, plant and equipment	(15,682)	(4,695)	(30,277)	(27,195)
Additions to intangible assets	(703)	(731)	(2,286)	(2,755)
Investment in and advances to unconsolidated joint venture (note 7)				(1,291)
Proceeds on disposal of property, plant and equipment	50	360	128	420
Proceeds on disposal of assets held for sale	360	445	910	745
	(15,975)	(25,441)	(31,525)	(50,896)
Financing activities:				
Repayment of credit facilities	(49,529)	(2,500)	(106,024)	(7,500)
Increase in credit facilities	35,000		133,000	50,000
Financing costs			(60)	(7,920)
Redemption of 8 ³ / ₄ % senior notes				(202,410)
Issuance of Series 1 Debentures				225,000
Settlement of swap liabilities				(91,125)
Proceeds from stock options exercised (note 14(b))		332	28	637
Repayment of capital lease obligations	(1,883)	(1,176)	(4,107)	(3,988)
	(16,412)	(3,344)	22,837	(37,306)
Increase (decrease) in cash and cash equivalents	1,281	(55,405)	1,011	(102,230)
Effect of exchange rate on changes in cash and cash equivalents	(32)	(27)	64	(27)
Cash and cash equivalents, beginning of period	548	56,180	722	103,005
Cash and cash equivalents, end of period	\$1,797	\$748	\$1,797	\$748

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Supplemental cash flow information (note 12(a))

See accompanying notes to interim consolidated financial statements.

Notes to Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2011

(Expressed in thousands of Canadian Dollars, except per share amounts or unless otherwise specified)

1. Nature of operations

North American Energy Partners Inc. (the Company), formerly NACG Holdings Inc., was incorporated under the Canada Business Corporations Act on October 17, 2003. On November 26, 2003, the Company purchased all the issued and outstanding shares of North American Construction Group Inc. (NACGI), including subsidiaries of NACGI, from Norama Ltd. which had been operating continuously in Western Canada since 1953. The Company had no operations prior to November 26, 2003. The Company undertakes several types of projects including mining and environmental services, heavy construction, industrial and commercial site development and pipeline and piling installations. The Company also designs and manufactures screw piles, provides tank maintenance services to the petro-chemical industry across Canada and the United States and sells pipeline anchoring systems globally.

2. Basis of presentation

These unaudited interim consolidated financial statements are prepared in accordance with US GAAP for interim financial statements and do not include all of the disclosures normally contained in the Company's annual consolidated financial statements and as such these interim consolidated financial statements should be read in conjunction with the most recent annual financial statements. Material inter-company transactions and balances are eliminated upon consolidation.

3. Recent accounting pronouncements

a) Accounting pronouncements recently adopted

There have been no recently adopted accounting pronouncements or changes in accounting pronouncements during the three and nine months ended December 31, 2011, as compared to the recent accounting pronouncements described in the Company's Annual Report on Form 40-F, that are of significance, or of potential significance to the Company.

b) Issued accounting pronouncements not yet adopted

i) Fair value measurement

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRS, which generally represent clarifications of Topic 820, but also include some instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This ASU results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with US GAAP and IFRSs. For the Company, this ASU is effective for the interim period beginning April 1, 2012. The adoption of this standard is not anticipated to have a material effect on the Company's consolidated financial statements.

ii) Goodwill Impairment

In September 2011, the FASB amended the guidance on the annual testing of goodwill for impairment. The amended guidance will allow companies to assess qualitative factors to determine if it is more likely than not that goodwill might be impaired and whether it is necessary to perform the two-step goodwill impairment test required under current accounting standards. This guidance will be effective for the Company's fiscal year ending March 31, 2013, with early adoption permitted. The Company has determined that this new guidance will not have a material impact on its consolidated financial statements.

4. Goodwill

In accordance with the Company's accounting policy, a goodwill impairment test is completed October 1 of each fiscal year or whenever events or changes in circumstances indicate that impairment may exist. The Company conducted its annual goodwill impairment test on October 1, 2011 and concluded there was no impairment as the fair value of the Piling reporting segment exceeded its carrying value. There were no triggering events between October 1, 2011 and December 31, 2011.

5. Acquisition

On November 1, 2010, the Company acquired all of the assets of Cyntech Corporation and its wholly-owned subsidiary Cyntech Anchor Systems LLC (collectively "Cyntech"), for a consideration of \$23,501 of which \$20,820 was paid out during



the three months ended December 31, 2010. The difference of \$2,681 was settled in March 2011 at finalization of the purchase price.

6. Unbilled revenue

As of December 31, 2011, an amount of \$73,483 (March 31, 2011 \$72,025) is recognized within unbilled revenue relating to a single long-term customer contract, whereby the normal operating cycle for this project is greater than one year. As described in note 2(b) of the annual consolidated financial statements of the Company for the year ended March 31, 2011, the estimated balances within unbilled revenue are subject to uncertainty concerning ultimate realization.

7. Investment in and advances to unconsolidated joint venture

The Company was engaged in a joint venture, Noramac Joint Venture (JV), of which the Company had joint control (50% proportionate interest). The JV was formed for the purpose of expanding the Company's market opportunities and establishing strategic alliances in Northern Alberta. The Company owned a 49% interest in Noramac Ventures Inc., a nominee company established by the two joint venture partners. On March 25, 2011, the Company and its joint venture partner decided to wind up Noramac Ventures Inc. and terminate the joint venture. At December 31, 2011, the assets and liabilities of the joint venture are stated at the lower of carrying value and fair market value less costs to sell. The difference between carrying value and fair market value of assets and liabilities was recognized in the income statement of the joint venture during the three and nine months ended December 31, 2011.

As of December 31, 2011, the Company's investment in and advances to the unconsolidated joint venture totalled \$1,324 (March 31, 2011 \$1,488). The condensed financial data for investment in and advances to unconsolidated joint venture is summarized as follows:

	December 31, 2011		March 31, 2011	
Current assets	\$6,056		\$8,328	
Current liabilities	10,720		13,875	

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Gross revenues	\$26	\$2,019	\$1,919	\$8,017
Gross profit	26	33	1,919	835
Net loss	(1,218)	(718)	(328)	(1,751)
Equity in loss of consolidated joint venture	(\$609)	(\$359)	(\$164)	(\$876)

8. Long term debt

a) Long term debt is as follows:

	December 31, 2011	March 31, 2011
Credit facilities (note 8(b))	\$88,946	\$61,970
Series 1 Debentures (note 8(c))	225,000	225,000
	\$313,946	\$286,970

b) Credit Facilities

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	December 31, 2011	March 31, 2011
Term A Facility	\$21,887	\$24,698
Term B Facility	39,059	43,748
Total term facilities	\$60,946	\$68,446
Revolving Facility	38,000	3,524
Total credit facilities	\$98,946	\$71,970
Less: current portion of term facilities	(10,000)	(10,000)
	\$88,946	\$61,970

As of December 31, 2011, the Company had outstanding borrowings of \$60.9 million (March 31, 2011 \$68.4 million) under the Term Facilities, \$38.0 million (March 31, 2011 \$3.5 million) under the Revolving Facility and had issued \$22.0 million

(March 31, 2011 \$12.3 million) in letters of credit under the Revolving Facility to support performance guarantees associated with customer contracts. The funds available for borrowing under the Revolving Facility are reduced by any outstanding letters of credit.

Effective September 30, 2011 the Company entered into a Second Amending Agreement to the Fourth Amended and Restated Credit Agreement to provide a temporary increase in the amount available under the Revolving Facility from \$85.0 million to \$110.0 million. This increase, which will remain in effect until March 31, 2012, provides additional borrowing availability to meet working capital requirements and to accommodate the issuance of letters of credit. The receipt of proceeds resulting from the settlement of the Canadian Natural Resources Limited (Canadian Natural) contract negotiations will be used to repay amounts outstanding on the temporary credit facility addition and the amount available for borrowing under the temporary addition will be permanently reduced by the amount of the settlement proceeds. The receipt of \$4.3 million on December 22, 2011 from Canadian Natural related to the settlement of outstanding change orders reduced the commitments under the temporary revolving credit facility by the same amount to \$20.7 million resulting in the total amount of the Revolving Facility being reduced to \$105.7 million. The Company's unused borrowing availability under the Revolving Facility was \$45.7 million at December 31, 2011.

Interest on Canadian prime rate loans is paid at variable rates based on the Canadian prime rate plus the applicable pricing margin (as defined in the credit agreement). Interest on US base rate loans is paid at a rate per annum equal to the US base rate plus the applicable pricing margin. Interest on Canadian prime rate and US base rate loans is payable monthly in arrears and computed on the basis of a 365 day or 366 day year, as the case may be. Interest on LIBOR loans is paid during each interest period at a rate per annum, calculated on a 360 day year, equal to the LIBOR rate with respect to such interest period plus the applicable pricing margin. Stamping fees and interest related to the issuance of Bankers Acceptances is paid in advance upon the issuance of such Bankers' Acceptance. The weighted average interest rate on Revolving Facility and Term Facility borrowings at December 31, 2011 was 6.03%.

The credit facilities are secured by a first priority lien on substantially all of the Company's property and contain certain restrictive covenants including, but not limited to, incurring additional debt, transferring or selling assets, making investments including acquisitions, paying dividends or redeeming shares of capital stock. The Company is also required to meet certain financial covenants under the credit agreement and was in compliance with these covenants at December 31, 2011.

c) Series 1 Debentures

On April 7, 2010, the Company issued \$225.0 million of 9.125% Series 1 Debentures (the "Series 1 Debentures"). The Series 1 Debentures mature on April 7, 2017. The Series 1 Debentures bear interest at 9.125% per annum and such interest is payable in equal instalments semi-annually in arrears on April 7 and October 7 in each year.

The Series 1 Debentures are unsecured senior obligations and rank equally with all other existing and future unsecured senior debt and senior to any subordinated debt that may be issued by the Company or any of its subsidiaries. The Series 1 Debentures are effectively subordinated to all secured debt to the extent of collateral on such debt.

9. Shares

a) Common shares

Authorized:

Unlimited number of voting common shares

Unlimited number of non-voting common shares

Issued and outstanding:

	Number of Shares	Amount
Voting common shares		
Issued and outstanding at March 31, 2011	36,242,526	\$304,854
Issued upon exercise of stock options	6,560	28
Transferred from additional paid-in capital on exercise of stock options		14
Issued and outstanding at December 31, 2011	36,249,086	\$304,896

**b) Net (loss) income per share**

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Net (loss) income available to common shareholders	(\$1,890)	\$3,742	(\$4,285)	(\$4,198)
Weighted average number of common shares	36,249,086	36,126,877	36,248,515	36,085,384
Basic net (loss) income per share	(\$0.05)	\$0.10	(\$0.12)	(\$0.12)

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Net (loss) income available to common shareholders	(\$1,890)	\$3,742	(\$4,285)	(\$4,198)
Weighted average number of common shares	36,249,086	36,126,877	36,248,515	36,085,384
Dilutive effect of stock options and stock award plan		753,118		
Weighted average number of diluted common shares	36,249,086	36,879,995	36,248,515	36,085,384
Diluted net (loss) income per share	(\$0.05)	\$0.10	(\$0.12)	(\$0.12)

For the three and nine months ended December 31, 2011, there were 1,864,434 stock options and 50,000 stock awards respectively which were anti-dilutive and therefore were not considered in computing diluted earnings per share (three and nine months ended December 31, 2010 635,839 and 573,065, respectively, stock options).

10. Interest expense

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Interest on 8 ³ / ₄ % senior notes and swaps	\$	\$	\$	\$1,238
Interest on capital lease obligations	92	155	346	545
Amortization of deferred financing costs	386	360	1,198	1,243
Interest on credit facilities	2,022	1,416	5,289	3,680
Interest on Series 1 Debentures	5,133	5,132	15,399	14,999
Interest on long term debt	\$7,633	\$7,063	\$22,232	\$21,705
Other interest	(34)	130	292	925
	\$7,599	\$7,193	\$22,524	\$22,630

11. Derivative financial instruments

a) Derivative financial instruments in the consolidated balance sheets are comprised of the following:

December 31, 2011	Carrying Amount
Embedded price escalation features in a long term customer construction contract	\$
Embedded price escalation features in certain long term supplier contracts	10,568

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	\$10,568
Less: current portion	(2,832)
	\$7,736

March 31, 2011	Carrying Amount
Embedded price escalation features in a long term customer construction contract	\$5,877
Embedded price escalation features in certain long term supplier contracts	5,651
	\$11,528
Less: current portion	(2,474)
	\$9,054

b) The realized and unrealized loss (gain) on derivative financial instruments is comprised as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Realized and unrealized loss on cross-currency and interest rate swaps	\$	\$	\$	\$2,111
Unrealized (gain) loss on embedded price escalation features in a long term customer construction contract	(4,635)	77	(5,877)	(325)
Unrealized loss (gain) on embedded price escalation features in certain long term supplier contracts	2,243	(2,117)	4,917	(2,126)
	(\$2,392)	(\$2,040)	(\$960)	(\$340)

12. Other information

a) Supplemental cash flow information

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Cash paid during the period for:				
Interest	\$12,430	\$11,793	\$25,377	\$31,848
Income taxes		2,977	1,165	4,149
Cash received during the period for:				
Interest		62	357	1,167
Income taxes	5,311	2,015	5,347	2,032
Non-cash transactions:				
Acquisition of property, plant and equipment by means of capital leases	41	44	427	91
Net change in accounts payable related to purchase of property, plant and equipment	1,773	5,881	2,926	1,861

b) Net change in non-cash working capital

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Operating activities:				
Accounts receivable, net	\$11,371	(\$22,887)	(\$17,224)	(\$12,528)
Unbilled revenue	(11,837)	2,914	(38,582)	(49,581)
Inventories	(5,492)	(402)	(13,095)	(2,261)
Prepaid expenses and deposits	3,534	1,640	1,229	(1,199)
Accounts payable	31,308	(15,886)	54,364	27,489
Accrued liabilities	(8,183)	(9,311)	(4,222)	(14,084)
Long term portion of liabilities related to equipment leases	(1,503)	(3,006)	(9,116)	(1,324)
Billings in excess of costs incurred and estimated earnings on uncompleted contracts	5,538	(2,175)	10,807	235
	\$24,736	(\$49,113)	(\$15,839)	(\$53,253)

c) Income taxes

Income tax expense as a percentage of income before income taxes for the three and nine months ended December 31, 2011 differs from the statutory rate of 26.24% primarily due to the changes in the timing of the reversal of temporary differences, effect of permanent differences related to stock-based compensation, effect of changes in enacted tax rates and Canadian Revenue Agency and related provincial audit adjustments from 2007 and 2008. Income tax expense as a percentage of income before income taxes for the three and nine months ended December 31, 2010 differs from the statutory rate of 27.77% primarily due to the effect of changes in enacted tax rates, impact of the CRA audit adjustments from 2007 and 2008 which were included in the current and deferred tax accounts and the benefit from changes in the timing of the

reversal of temporary differences.



13. Segmented information

a) General overview

The Company operates in the following reportable business segments, which follow the organization, management and reporting structure within the Company:

Heavy Construction and Mining:

The Heavy Construction and Mining segment provides mining and site preparation services, including overburden removal and reclamation services, project management, underground utility construction, equipment rental to a variety of customers, environmental services including construction and modification of tailing ponds and reclamation of completed mine sites to environmental standards throughout Canada.

Piling:

The Piling segment provides deep foundation construction and design build services to a variety of industrial and commercial customers throughout Western Canada and Ontario. It also designs and manufactures screw piles and pipeline anchoring systems and provides tank maintenance services to the petro-chemical industry across Canada and the United States and sells pipeline anchoring systems globally.

Pipeline:

The Pipeline segment provides both small and large diameter pipeline construction and installation services as well as equipment rental to energy and industrial clients throughout Western Canada.

The accounting policies of the reportable operating segments are the same as those described in the significant accounting policies in note 2 of the annual consolidated financial statements of the Company for the year ended March 31, 2011. Certain business units of the Company have been aggregated into the Heavy Construction and Mining segment as they have similar economic characteristics based on the nature of the services provided, the customer base and the resources used to provide these services.

b) Results by business segment

	Heavy Construction and Mining	Piling	Pipeline	Total
Three months ended December 31, 2011				
Revenue from external customers	\$166,516	\$51,697	\$66,417	\$284,630
Depreciation of property, plant and equipment	7,271	878	369	8,518
Segment profits (losses)	19,580	16,473	(2,941)	33,112
Capital expenditures	14,039	1,464	724	16,227
	Heavy Construction and Mining	Piling	Pipeline	Total
Three months ended December 31, 2010				
Revenue from external customers	\$185,325	\$37,594	\$42,167	\$265,086
Depreciation of property, plant and equipment	7,251	1,458	271	8,980
Segment profits (losses)	20,293	10,324	(1,641)	28,976
Capital expenditures	2,490	324	280	3,094

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Nine months ended December 31, 2011	Heavy Construction and Mining	Piling	Pipeline	Total
Revenue from external customers	\$489,626	\$132,407	\$102,006	\$724,039
Depreciation of property, plant and equipment	19,421	1,866	685	21,972
Segment profits (losses)	63,149	32,565	(1,962)	93,752
Capital expenditures	18,154	5,185	3,321	26,660

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Nine months ended December 31, 2010	Heavy Construction and Mining	Piling	Pipeline	Total
Revenue from external customers	\$520,562	\$83,303	\$79,673	\$683,538
Depreciation of property, plant and equipment	19,102	2,811	455	22,368
Segment profits (losses)	64,774	16,500	(1,485)	79,789
Capital expenditures	21,678	2,080	1,124	24,882

December 31, 2011	Heavy Construction and Mining	Piling	Pipeline	Total
Segment assets	\$437,201	\$136,718	\$72,587	\$646,506

March 31, 2011	Heavy Construction and Mining	Piling	Pipeline	Total
Segment assets	\$423,947	\$116,623	\$37,053	\$577,623

c) Reconciliations

iii) (Loss) income before income taxes

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Total profit for reportable segments	\$33,112	\$28,976	\$93,752	\$79,789
Less: Unallocated equipment costs (i)	13,072	(1,831)	33,720	4,265
Gross Profit	\$20,040	\$30,807	\$60,032	\$75,524
Less: Unallocated corporate items:				
General and administrative expenses	15,136	16,509	39,738	45,515
Loss on disposal of property, plant and equipment	273	847	701	1,428
(Gain) loss on disposal of assets held for sale	40	873	(456)	848
Amortization of intangible assets	1,174	992	4,463	2,252
Equity in (earnings) loss of unconsolidated joint venture	609	359	164	876
Interest expense, net	7,599	7,193	22,524	22,630
Foreign exchange gain	134	(42)	70	(1,690)
Realized and unrealized gain on derivative financial instruments	(2,392)	(2,040)	(960)	(340)
Loss on debt extinguishment				4,346
(Loss) income before income taxes	(\$2,533)	\$6,116	(\$6,212)	(\$341)

(i) Unallocated equipment costs represent actual equipment costs, including non-cash items such as depreciation, which have not been allocated to reportable segments. Unallocated equipment recoveries arise when actual equipment costs charged to the reportable segment exceed actual equipment costs incurred.

iv) Total assets

	December 31, 2011	March 31, 2011
Corporate assets:		
Cash and cash equivalents	\$1,797	\$722
Property, plant and equipment	23,741	24,831
Deferred tax assets	58,777	51,649
Other	28,940	28,132
Total corporate assets	\$113,255	\$105,334
Total assets for reportable segments	646,506	577,623
Total assets	\$759,761	\$682,957

The Company's goodwill of \$32,901 is assigned to the Piling segment. All of the Company's assets are located in Canada and the United States.



v) *Depreciation of property, plant and equipment*

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Total depreciation for reportable segments	\$8,518	\$8,980	\$21,972	\$22,368
Depreciation for corporate assets	1,801	1,521	5,967	4,390
Total depreciation	\$10,319	\$10,501	\$27,939	\$26,758

vi) *Capital expenditures for long-lived assets*

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Total capital expenditures for reportable segments	\$16,268	\$3,094	\$26,701	\$24,882
Capital expenditures for corporate assets	117	2,332	5,862	5,068
Total capital expenditures for long-lived assets	\$16,385	\$5,426	\$32,563	\$29,950

d) Customers

The following customers accounted for 10% or more of total revenues:

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Customer A	19%	19%	25%	28%
Customer B	17%	7%	17%	6%
Customer C	13%	9%	8%	7%

The revenue by major customer was earned mainly by the Heavy Construction and Mining segment.

e) Geographic information

i) *The geographic revenue distribution for the Company is as follows:*

	Three months ended December 31,		Nine months ended December 31,	
	2011	2010	2011	2010
Canada	\$282,698	\$264,775	\$720,561	\$683,227
United States	1,932	311	3,478	311
	\$284,630	\$265,086	\$724,039	\$683,538

ii) *The geographic distribution of long-lived assets is as follows:*

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	December 31, 2011	March 31, 2011
Canada	\$380,587	\$381,577
United States	100	96
	\$380,687	