North American Energy Partners Inc.
Form 6-K/A
August 06, 2010
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K/A

Report of Foreign Private Issuer

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

under the Securities Exchange Act of 1934

For the month of August 2010

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 x

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): ¨

Explanatory Note

This Form 6-K/A is being furnished to reflect the correction of information included under the heading Backlog in the Management s Discussion and Analysis for the three months ended June 30, 2010 that was included in North American Energy Partners Inc. s (the Company) Form 6-K furnished on August 4, 2010. The information in this Form 6-K/A has not been updated from such Form 6-K except to reflect such correction and does not include the interim consolidated financial statements or Canadian supplement to Management s Discussion and Analysis that were included in the original filing. Additionally, this Form 6-K/A does not purport to provide an update or a discussion of any other developments at the Company subsequent to the original filing.

Documents Included as Part of this Report

1. Revised Management s Discussion and Analysis for the three months ended June 30, 2010.

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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: August 5, 2010

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NORTH AMERICAN ENERGY PARTNERS INC.

Revised Management s Discussion and Analysis

For the three months ended June 30, 2010

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Revised Management s Discussion and Analysis

Management s Discussion and Analysis for the three months ended June 30, 2010 has been refiled to reflect a correction of the backlog figures on page 9.

For the three months ended June 30, 2010

A. Explanatory Notes

August 5, 2010

The following Management s Discussion and Analysis (MD&A) for the three months ended June 30, 2010 should be read in conjunction with the attached unaudited consolidated financial statements and accompanying notes for the three months ended June 30, 2010. These statements have been prepared in accordance with United States (US) generally accepted accounting principles (GAAP). This interim MD&A should also be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2010, together with our annual MD&A for the year ended March 31, 2010. The consolidated financial statements and additional information relating to our business, including our most recent Annual Information Form (AIF), are available on the Canadian Securities Administrators SEDAR System at www.sedar.com, the Securities and Exchange Commission s website at www.sec.gov and our company web site at www.nacg.ca.

Caution Regarding Forward-Looking Information

Our MD&A is intended to enable readers to gain an understanding of our current results and financial position. To do so, we provide information and analysis comparing results of operations and financial position for the current period to those of the preceding periods. We also provide analysis and commentary that we believe is necessary to assess our future prospects. Accordingly, certain sections of this report contain forward-looking information that is based on current plans and expectations. This forward-looking information is affected by risks and uncertainties that could have a material impact on future prospects. Please refer to Forward-Looking Information and Risk Factors for a discussion of the risks and uncertainties related to such information. Readers are cautioned that actual events and results may vary.

Non-GAAP Financial Measures

The body of generally accepted accounting principles applicable to us is commonly referred to as GAAP . A non-GAAP financial measure is generally defined by the Securities and Exchange Commission (SEC) and by the Canadian securities regulatory authorities as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measures. In our MD&A, we use non-GAAP financial measures such as net income before interest expense, income taxes, depreciation and amortization (EBITDA) and Consolidated EBITDA (as defined in our credit agreement). Consolidated EBITDA is defined as EBITDA, excluding the effects of unrealized foreign exchange gain or loss, realized and unrealized gain or loss on derivative financial instruments, non-cash stock-based compensation expense, gain or loss on disposal of plant and equipment and certain other non-cash items included in the calculation of net income. We believe that EBITDA is a meaningful measure of the performance of our business because it excludes items, such as depreciation and amortization, interest and taxes that are not directly related to the operating performance of our business. Management reviews EBITDA to determine whether plant and equipment are being allocated efficiently. In addition, our credit facility requires us to maintain a minimum interest coverage ratio and a maximum senior leverage ratio, which are calculated using Consolidated EBITDA. Non-compliance with these financial covenants could result in our being required to immediately repay all amounts outstanding under our credit facility. As EBITDA and Consolidated EBITDA are non-GAAP financial measures, our computations of EBITDA and Consolidated EBITDA may vary from others in our industry. EBITDA and Consolidated EBITDA should not be considered as alternatives to operating income or net income as measures of operating performance or cash flows as measures of liquidity. EBITDA and Consolidated EBITDA have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under US GAAP or Canadian GAAP. For example, EBITDA and Consolidated EBITDA do not:

- reflect our cash expenditures or requirements for capital expenditures or capital commitments;

- reflect changes in our cash requirements for our working capital needs;
- reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- include tax payments that represent a reduction in cash available to us; and
- reflect any cash requirements for assets being depreciated and amortized that may have to be replaced in the future.

Consolidated EBITDA excludes unrealized foreign exchange gains and losses and realized and unrealized gains and losses on derivative financial instruments, which, in the case of unrealized losses, may ultimately result in a liability that will need to be paid and in the case of realized losses, represents an actual use of cash during the period. Where relevant, particularly for earnings-based measures, we provide tables in this document that reconcile non-GAAP measures used to amounts reported on the face of the consolidated financial statements.

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Adoption of United States GAAP

As a Canadian based company, we have historically prepared our consolidated financial statements in accordance with Canadian GAAP and provided reconciliations to United States (US) GAAP. In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that significantly affected financial reporting requirements for Canadian public companies. The AcSB strategic plan outlined the convergence of Canadian GAAP with International Financial Reporting Standards (IFRS) over an expected five-year transitional period. In February 2008, the AcSB confirmed that IFRS would be mandatory in Canada for profit-oriented publicly accountable entities for fiscal periods beginning on or after January 1, 2011, unless we, as a Securities and Exchange Commission (SEC) registrant and as permitted by National Instrument 52-107, were to adopt US GAAP on or before this date.

After significant analysis and consideration regarding the merits of reporting under IFRS or US GAAP, we decided to adopt US GAAP, commencing in fiscal 2010, as our primary reporting standard for our consolidated financial statements. Our interim consolidated financial statements for the three months ended June 30, 2009, including related notes and accompanying MD&A, were restated based on US GAAP on June 10, 2010 and are available on the Canadian Securities Administrators SEDAR System at www.sedar.com, the Securities and Exchange Commission s website at www.sec.gov and our company web site at www.nacg.ca. All comparative figures contained in our current interim consolidated financial statements for the three months ended June 30, 2010, including related notes and this MD&A, reflect our results in accordance with US GAAP as our reporting standard.

As required by National Instrument 52-107, for the fiscal year of adoption of US GAAP and one subsequent fiscal year, we will provide a Canadian Supplement to our MD&A that restates, based on financial information reconciled to Canadian GAAP, those parts of our MD&A that would contain material differences if they were based on financial statements prepared in accordance with Canadian GAAP. In support of the adoption of US GAAP commencing in fiscal 2010 we provided a Canadian Supplement MD&A for our audited consolidated financial statements, related notes and accompanying MD&A, for the year ended March 31, 2010. As well, we provided a Canadian Supplement MD&A for each of the restated interim periods for fiscal 2010. The Canadian Supplement MD&A will continue to be provided through fiscal 2011 for each of the reporting periods.

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B. Financial results

Consolidated Three Month Results

	Three months ended June 30,				
(dollars in thousands)	2010	% of Revenue	2009	% of Revenue	Change
Revenue	$183,594	100.0%	$146,519	100.0%	$37,075
Project costs	77,277	42.1%	54,262	37.0%	23,015
Equipment costs	65,003	35.4%	46,044	31.4%	18,959
Equipment operating lease expense	17,491	9.5%	12,349	8.4%	5,142
Depreciation	8,203	4.5%	8,724	6.0%	(521)
Gross profit	15,620	8.5%	25,140	17.2%	(9,520)
General and administrative costs	13,729	7.5%	14,976	10.2%	(1,247)
Operating income	1,064	0.6%	10,138	6.9%	(9,074)
Net (loss) income	**$(10,309)**	**(5.6)%**	**$9,927**	**6.8%**	**$(20,236)**
Per share information					
Net (loss) income basic	(0.29)		0.28		(0.57)
Net (loss) income diluted	(0.29)		0.27		(0.56)
EBITDA[(1)]	4,198	2.3%	28,237	19.3%	(24,039)
Consolidated EBITDA[(1)] (as defined within our credit agreement)	$12,179	6.6%	$19,394	13.2%	$(7,215)

(1) A reconciliation of net (loss) income to EBITDA and Consolidated EBITDA is as follows:

	Three months ended June 30,		
(dollars in thousands)	2010	2009	Change
Net (loss) income	$(10,309)	$9,927	$(20,236)
Adjustments:			
Interest expense	7,729	6,552	1,177
Income taxes (benefit)	(2,013)	2,541	(4,554)
Depreciation	8,203	8,724	(521)
Amortization of intangible assets	588	493	95
EBITDA	$4,198	$28,237	$(24,039)
Adjustments:			
Unrealized foreign exchange gain on senior notes		(19,540)	19,540
Realized and unrealized loss on derivative financial instruments	3,008	10,021	(7,013)
Gain on disposal of property, plant and equipment and assets held for sale	(4)	(276)	272
Stock-based compensation expense	410	1,143	(733)
Equity in loss (earnings) of unconsolidated joint venture	243	(191)	434
Loss on debt extinguishment	4,324		4,324
Consolidated EBITDA (as defined within our credit agreement)	**$12,179**	**$19,394**	**$(7,215)**

Analysis of Consolidated Results

Revenue

For the three months ended June 30, 2010, consolidated revenues of $183.6 million were $37.1 million higher than in the same period last year. As anticipated, recurring services grew during the quarter, reflecting higher activity on our long-term contract with Canadian Natural[1] and increased demand for mine support services from Syncrude[2] and Suncor[3]. These gains were partially offset by reduced activity at Shell Albian [4]s Muskeg River operation, which was shut down during the period in preparation for maintenance and the transition to production at the Jackpine Mine.

The improvement in consolidated revenues was further supported by an increase in Piling segment revenues which benefited from increased commercial and industrial construction market activity during the quarter. These gains were made despite abnormally high precipitation levels in Western Canada during the spring break-up period which delayed some piling work to future periods.

[1] Canadian Natural Resources Limited (Canadian Natural) Horizon project

[2] Syncrude Canada Ltd. (Syncrude) a joint venture amongst Canadian Oil Sands Limited (37%), Imperial Oil Resources (25%), Suncor Energy Inc. (formerly Petro-Canada Oil and Gas) (12%), Sinopec International Petroleum Exploration and Production Company (SIPC) (9%), Nexen Oil Sands Partnership (7%), Murphy Oil Company Ltd. (5%) and Mocal Energy Limited (5%). SIPC purchased the Syncrude interest of ConocoPhillips Oil Sands Partnership II on June 25, 2010.

[3] Suncor Energy Inc. (Suncor)

[4] Shell Canada Energy, a division of Shell Canada Limited, the operator of the Shell Albian Sands (Shell Albian) oils sands mining and extraction operations on behalf of Athabasca Oil Sands Project (AOSP), a joint venture amongst Shell Canada Limited (60%), Chevron Canada Limited (20%) and Marathon Oil Canada Corporation (20%). Prior to January 1, 2009, these operations were run by Albian Sands Energy Inc.

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Gross Profit

Gross profit for the three months ended June 30, 2010 was $15.6 million (8.5% of revenue), compared to $25.1 million (17.2% of revenue) in the prior period. The decline in gross profit reflects a $2.3 million reduction in profit on our long-term overburden removal contract resulting from the negative impact of a weaker Canadian dollar on the value of the contract. Consolidated gross profit was also negatively affected by higher equipment costs due to increased repair maintenance activity during the longer than usual spring break-up period as well as by reduced margins in our Piling segment due to delays in executing a higher than normal amount of change orders.

Project costs, as a percentage of revenue, increased to 42.1% during the three months ended June 30, 2010, from 37.0% in the same period last year while equipment costs increased to 35.4% of revenue, from 31.4% last year, reflecting the negative margin effect of a longer than usual spring break-up period and an increase in scheduled major overhaul maintenance work on our leased fleet. Equipment operating lease expense increased $5.1 million to $17.5 million as a result of new operating leases added during the prior fiscal year to support our long-term overburden removal contract. Depreciation decreased to 4.5% of revenue in the three months ended June 30, 2010, from 6.0% of revenue in the same period last year. Depreciation in the prior-year period included an accelerated depreciation charge of $1.8 million as certain aged equipment was prepared for sale.

Operating income

For the three months ended June 30, 2010, we recorded operating income of $1.1 million (0.6% of revenue) compared to an operating income of $10.1 million (6.9% of revenue) during the same period last year. General and administrative (G&A) costs decreased by $1.2 million year-over-year, with prior-year period G&A costs negatively affected by the valuation of our deferred performance share units and director share units, as a result of increases in our share price.

Net (loss) income

We recorded a net loss of $10.3 million (basic and diluted loss per share of $0.29) for the three months ended June 30, 2010, compared to net income of $9.9 million (basic income per share of $0.28 and diluted income per share of $0.27) during the same period last year. The non-cash items affecting results in the most recent period included a loss related to the write-off of deferred financing costs on the extinguishment of our 8 $^{3}/4$% senior notes and a loss relating to embedded derivatives in long-term supplier contracts. These items were partially offset by a realized foreign exchange gain resulting from the extinguishment of our 8 $^{3}/4$% senior notes and a gain relating to embedded derivatives in a long-term customer contract. Net income for the same period last year was positively affected by the positive foreign exchange impact of the strengthening Canadian dollar on our 8 $^{3}/4$% senior notes, a gain related to embedded derivatives in an early redemption option on our 8 $^{3}/4$% senior notes and a gain relating to embedded derivatives in long-term supplier contracts, which was partially offset by a loss on our cross-currency and interest rate swaps and a loss relating to embedded derivatives in a long-term customer contract. Excluding the above items, net loss for the three months ended June 30, 2010 would have been $4.1 million (basic and diluted loss per share of $0.11), compared to net income of $0.1 million (basic and diluted income per share of $nil) during the same period last year.

Segment Results

Heavy Construction and Mining

	Three months ended June 30,		
(dollars in thousands)	2010	2009	Change
Segment revenue	$163,609	$131,826	$31,783
Segment profit	22,247	23,514	(1,267)
Profit margin	13.6%	17.8%	

For the three months ended June 30, 2010, Heavy Construction and Mining segment revenues increased $31.8 million, to $163.6 million, primarily as a result of increased recurring services revenue. The growth in recurring services revenue was driven by a return to planned operational levels on our long-term overburden removal contract at Canadian Natural and increased mining services provided to Syncrude, under our extended master services agreement. We also increased activity levels at Suncor s site under a new mining service agreement that includes additional scope. The recurring services gains were partially offset by lower activity levels at Shell Albian s sites as a result of the shutdown of the Muskeg River site for maintenance and in preparation for the transition to production at the Jackpine mine. Project development revenues also increased in the current period as a result of a construction project executed for Exxon s Kearl[5] project.

For the three months ended June 30, 2010, Heavy Construction and Mining profit margin was 13.6% of revenue, compared to 17.8% of revenue during the same period last year. This change primarily reflects a $2.3 million foreign exchange-related reduction in profit forecast for our long-term overburden removal contract. In the prior year we recorded a $4.0 million profit increase in our forecast for this same project as a result of an increase in the strength of the Canadian dollar. Contributing to the reduced segment profit was lower project efficiency during the longer than normal spring break-up period.

[5] Exxon s Kearl project is a joint venture oil sands mining and extraction project. Imperial Oil Limited holds a 70.96% interest in the joint venture with ExxonMobil Canada Properties, a subsidiary of Exxon Mobil Corporation (Exxon). Imperial Oil Limited is the project operator.

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Piling

(dollars in thousands)	Three months ended June 30, 2010	2009	Change
Segment revenue	$19,146	$14,618	$4,528
Segment profit	1,394	2,684	(1,290)
Profit margin	7.3%	18.4%	

For the three months ended June 30, 2010, the Piling segment recorded revenues of $19.1 million, an increase of $4.5 million over the same period last year. The improvement in Piling segment revenue reflects a partial recovery in activity levels in the commercial and industrial construction markets. These gains were made despite abnormally high precipitation levels in Western Canada which delayed some piling work to future periods.

For the three months ended June 30, 2010, Piling profit margin decreased to 7.3% of revenue, from 18.4% of revenue a year ago. This decline reflects the delay in the execution of a higher than normal amount of change orders to future periods. Contributing to the lower margins for the current period was a larger than normal amount of equipment tooling costs and the effect of the abnormally high precipitation levels on project efficiency.

Pipeline

(dollars in thousands)	Three months ended June 30, 2010	2009	Change
Segment revenue	$839	$75	$764
Segment (loss) profit	(723)	367	(1,090)
(Loss) profit margin	(86.2)%	489.3%	

For the three months ended June 30, 2010, the Pipeline segment increased revenues to $0.8 million, from $0.1 million a year ago reflecting the partial resumption of work on a contract in British Columbia during the period.

For the three months ended June 30, 2010, the Pipeline segment recorded a loss of $0.7 million compared to a profit of $0.4 million during the same period last year. The loss in the current period was the result of fixed project costs incurred during a temporary shutdown of work on a contract in British Columbia.

Non-Operating Income and Expense

(dollars in thousands)	Three months ended June 30, 2010	2009	Change
Interest expense			
Long-term debt			
Interest on 8 $^{3}/_{4}$% senior notes and swaps	1,147	5,144	(3,997)
Interest on series 1 debentures	4,734		4,734
Interest on term facilities	1,057	165	892
Interest on capital lease obligations	208	291	(83)
Amortization of deferred financing costs	526	805	(279)
Interest on long-term debt	7,672	6,405	1,267
Other interest	57	147	(90)
Total interest expense	$7,729	$6,552	$1,177

Foreign exchange gain	(1,697)	(19,436)	17,739
Realized and unrealized loss on derivative financial instruments	3,008	10,021	(7,013)
Other expense		533	(533)
Income taxes (benefit)	(2,013)	2,541	(4,554)

Interest expense

Total interest expense increased $1.2 million in the three months ended June 30, 2010, compared to the prior year. In April 2010, we closed a private placement of 9.125% Series 1 Debentures due April 7, 2017 for gross proceeds of $225.0 million. On March 29, 2010, we issued a redemption notice to holders of the 8 $^{3}/4$% senior notes to redeem all outstanding 8 $^{3}/4$% senior notes and, on April 28, 2010, the notes were redeemed and cancelled. The redemption amount included the US$200.0 million principal outstanding and US$7.1 million of accrued interest. On April 8, 2010, we terminated the cross currency and interest rate swaps used to provide an economic hedge on the US dollar denominated 8 $^{3}/4$% senior notes. Interest expense on our 8 $^{3}/4$% senior notes of $1.1 million reflects the amount of interest for the current period until redemption was complete. Interest expense of $4.7 million for the new Series 1 Debentures reflects interest for the partial period that followed the issuance of the Series 1 Debentures on April 7, 2010. The redemption and associated swap agreement terminations eliminate the refinancing risk in December 2011. A more detailed discussion on the restructuring of our long-term debt can be found under Liquidity and Capital Resources .

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On April 30, 2010, we also entered into a fourth amended and restated credit agreement to extend the term of the credit agreement and to add additional borrowing capacity of up to $50.0 million through a second term facility within the credit agreement. At June 30, 2010, the second term facility was fully drawn at $50.0 million. The new term facility, along with the existing term facility, matures on April 30, 2013. At June 30, 2010, we had $75.9 million outstanding on the Term Facility ($28.4 million at March 31, 2010). Interest expense for the credit facility, for the three months ended June 30, 2010 was $1.1 million, an increase of $0.9 million compared to the prior year.

Foreign exchange gain

The foreign exchange gains recognized in the current and prior year three-month periods relate primarily to the effect of changes in the exchange rate of the Canadian dollar against the US dollar on the carrying value of the US$200 million 8 3/4% senior notes. The increase in the value of the Canadian dollar, from 0.9846 CAN/US at March 31, 2010 to 0.9874 CAN/US at April 28, 2010 when the 8 3/4% senior notes were redeemed, resulted in a realized foreign exchange gain. A more detailed discussion about our foreign currency risk can be found under Quantitative and Qualitative Disclosures about Market Risk Foreign exchange risk .

Realized and unrealized loss (gain) on derivative financial instruments

The realized and unrealized loss (gain) on derivative financial instruments reflect changes in the fair value of derivatives embedded in our previously held US dollar denominated 8 3/4% senior notes, as well as changes in the fair value of the cross-currency and interest rate swaps that we employed to provide an economic hedge for our previously held US dollar denominated 8 3/4% senior notes. Realized and unrealized gains and losses also include changes in the value of embedded derivatives in a long-term customer contract and in supplier maintenance agreements. The realized and unrealized gains and losses on these derivative financial instruments, for the three months ended June 30, 2010 are detailed in the table below:

	Three months ended June 30,
(dollars in thousands)	2010