

MARITRANS INC /DE/  
Form 10-Q  
August 09, 2004

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the Quarterly Period ended June 30, 2004

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-9063

**MARITRANS INC.**

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

51-0343903  
(Identification No.  
I.R.S. Employer)

TWO HARBOUR PLACE  
302 KNIGHTS RUN AVENUE  
SUITE 1200  
TAMPA, FLORIDA 33602  
(Address of principal executive offices)  
(Zip Code)

(813) 209-0600  
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 requirements for the past 90 days.

Yes    No

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes    No

Common Stock \$.01 par value, 8,453,249 shares outstanding as of August 5, 2004



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**PART I: FINANCIAL INFORMATION**  
**MARITRANS INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(\$000)**

	<b>June 30, 2004</b>	<b>December 31, 2003</b>
	<b>(Unaudited)</b>	<b>(Note 1)</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 12,072	\$ 3,614
Trade accounts receivable	9,360	6,139
Other accounts receivable	1,921	3,140
Inventories	3,568	2,854
Deferred income tax benefit	8,954	9,074
Prepaid expenses	2,467	3,210
	<hr/>	<hr/>
Total current assets	38,342	28,031
Vessels and equipment	383,734	364,134
Less accumulated depreciation	193,875	183,406
	<hr/>	<hr/>
Net vessels and equipment	189,859	180,728
Note receivable	788	7,815
Goodwill	2,863	2,863
Other	602	1,092
	<hr/>	<hr/>
Total Assets	\$ 232,454	\$ 220,529
	<hr/>	<hr/>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Debt due within one year	\$ 3,567	\$ 2,533
Trade accounts payable	2,597	5,649
Accrued shipyard costs	6,391	4,315
Accrued wages and benefits	4,846	3,191
Other accrued liabilities	5,146	5,257
	<hr/>	<hr/>
Total current liabilities	22,547	20,945
Long-term debt	61,277	57,560
Accrued shipyard costs	9,587	6,473
Other liabilities	3,394	3,229
Deferred income taxes	47,210	47,148
Stockholders' equity:		
Common stock	140	136
Capital in excess of par value	87,591	82,527
Retained earnings	54,277	51,205
Unearned compensation	(1,668)	(614)
Less: Cost of shares held in treasury	(51,901)	(48,080)
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Total stockholders' equity	88,439	85,174
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$ 232,454	\$ 220,529

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*See notes to financial statements.*

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**MARITRANS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**  
**(\$000, except per share amounts)**

	<b>Three Months Ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
Revenues	\$ 36,747	\$ 36,212
Costs and expenses:		
Operations expense	18,167	18,077
Maintenance expense	5,186	5,681
General and administrative	3,120	2,120
Depreciation and amortization	5,277	5,168
Total operating expense	31,750	31,046
Gain on sale of assets	□	1,099
Operating income	4,997	6,265
Interest expense	(348)	(489)
Other income	330	183
Income before income taxes	4,979	5,959
Income tax provision	1,867	2,205
Net income	\$ 3,112	\$ 3,754
Basic earnings per share	\$ 0.38	\$ 0.47
Diluted earnings per share	\$ 0.37	\$ 0.45
Dividends declared per share	\$ 0.11	\$ 0.11

*See notes to financial statements.*

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**MARITRANS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**  
**(\$000, except per share amounts)**

	<b>Six Months</b>	
	<b>Ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
Revenues	\$ 71,408	\$ 72,141
Costs and expenses:		
Operations expense	36,754	36,957
Maintenance expense	10,485	10,011
General and administrative	5,537	4,285
Depreciation and amortization	10,469	10,279
Total operating expense	63,245	61,532
Gain on sale of assets	□	1,099
Operating income	8,163	11,708
Interest expense	(753)	(1,097)
Other income	428	394
Income before income taxes	7,838	11,005
Income tax provision	2,939	4,072
Net income	\$ 4,899	\$ 6,933
Basic earnings per share	\$ 0.60	\$ 0.87
Diluted earnings per share	\$ 0.58	\$ 0.82
Dividends declared per share	\$ 0.22	\$ 0.22

*See notes to financial statements.*

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**MARITRANS INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**(\$000)**

	<b>Six Months Ended June 30,</b>	
	<b>2004</b>	<b>2003</b>
Cash flows from operating activities:		
Net income	\$ 4,899	\$ 6,933
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	10,469	10,279
Changes in receivable, inventories and prepaid expenses	(1,973)	1,359
Changes in current liabilities, other than debt	568	5,061
Non-current changes, net	3,748	1,026
Gain on sale of assets	□	(1,099)
	12,812	16,626
Total adjustments to net income		
Net cash provided by operating activities	17,711	23,559
Cash flows from investing activities:		
Collections on notes receivable	7,335	220
Proceeds from sale of assets	□	1,849
Purchase of vessels and equipment	(19,599)	(7,986)
	(12,264)	(5,917)
Net cash used in investing activities		
Cash flows from financing activities:		
Borrowings under long-term debt	29,500	□
Payment of long-term debt	(1,250)	(2,750)
Net repayments under credit facilities	(23,500)	(10,500)
Purchase of treasury stock	□	(150)
Proceeds from exercise of stock options	86	158
Dividends declared and paid	(1,825)	(1,795)
	3,011	(15,037)
Net cash provided by (used in) financing activities		
Net increase in cash and cash equivalents	8,458	2,605
Cash and cash equivalents at beginning of period	3,614	239
	\$ 12,072	\$ 2,844
Cash and cash equivalents at end of period		

*See notes to financial statements*



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**MARITRANS INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**1. Basis of Presentation/Organization**

Maritrans Inc. owns Maritrans Operating Company L.P. (the "Operating Company"), Maritrans General Partner Inc., Maritrans Tankers Inc., Maritrans Barge Co., Maritrans Holdings Inc. and other Maritrans entities (collectively, the "Company"). These subsidiaries, directly and indirectly, own and operate oceangoing petroleum tank barges, tugboats, and oil tankers principally used in the transportation of oil and related products along the Gulf and Atlantic Coasts.

In the opinion of management, the accompanying condensed consolidated financial statements of Maritrans Inc., which are unaudited (except for the Condensed Consolidated Balance Sheet as of December 31, 2003, which is derived from audited financial statements), include all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial statements of the consolidated entities.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Pursuant to the rules and regulations of the Securities and Exchange Commission, the unaudited condensed consolidated financial statements do not include all of the information and notes normally included with annual financial statements prepared in accordance with GAAP. These financial statements should be read in conjunction with the consolidated historical financial statements and notes thereto included in the Company's Form 10-K for the period ended December 31, 2003.

**2. Earnings per Common Share**

The following data show the amounts used in computing basic and diluted earnings per share ("EPS"):

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	(000's)		(000's)	
Income available to common stockholders used in basic EPS	\$ 3,112	\$ 3,754	\$ 4,899	\$ 6,933
Weighted average number of common shares used in basic EPS	8,212	7,969	8,116	7,926
Effect of dilutive stock options and restricted shares	190	387	297	510
Weighted number of common shares and dilutive potential common stock used in diluted EPS	8,402	8,356	8,413	8,436

**3. Stock-Based Compensation**

Maritrans Inc. has a stock incentive plan (the "Plan"), whereby non-employee directors, officers and other key employees may be granted stock, stock options and, in certain cases, receive cash under the Plan. In May 1999, the Company adopted an additional plan, the Maritrans Inc. 1999 Directors' and Key Employees Equity Compensation Plan, which provides non-employee directors, officers and other key employees with

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certain rights to acquire common stock and stock options. Any outstanding options granted under either Plan are exercisable at a price not less than market value of the shares on the date of grant. During the second quarter of 2004, 507,425 shares were issued as a result of the exercise of options. The exercise price of these options ranged from \$5.375 to \$14.20.

In December 2002, the FASB issued Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation - Transition and Disclosure* (SFAS 148). SFAS 148 amends Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (SFAS 123), to provide three alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 also amends the disclosure provisions of SFAS 123 and Accounting Principles Board (APB) Opinion No. 28, *Interim Financial Reporting*. SFAS 148 is effective for fiscal years ending after December 15, 2002, with certain disclosure requirements effective for interim periods beginning after December 15, 2002. The Company adopted the transition provision of SFAS 148 using the prospective method beginning January 1, 2003. The prospective method requires the Company to apply the fair value based method to all employee stock awards granted, modified or settled in its consolidated statements of income beginning on the date of adoption.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options vesting period. The Company's pro forma information was as follows:

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>(\$000, except per share data)</b>			
Net income as reported	\$ 3,112	\$ 3,754	\$ 4,899	\$ 6,933
Add: Stock based compensation included in net income, net of tax	12	7	26	21
Deduct: Total stock based compensation determined under the fair value based method, net of tax	14	34	37	66
Pro forma net income	<u>\$ 3,110</u>	<u>\$ 3,727</u>	<u>\$ 4,888</u>	<u>\$ 6,888</u>
Basic earnings per share as reported	\$ 0.38	\$ 0.47	\$ 0.60	\$ 0.87
Pro forma basic earnings per share	\$ 0.38	\$ 0.47		