

NEWPARK RESOURCES INC

Form 10-Q

April 29, 2011

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

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

For the quarterly period ended March 31, 2011

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 No. 1-2960
Newpark Resources, Inc.**

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

72-1123385
(I.R.S. Employer
Identification No.)

**2700 Research Forest Drive, Suite 100
The Woodlands, Texas**
(Address of principal executive offices)

77381
(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 No

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 No

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

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

Yes No

As of April 19, 2011, a total of 90,390,302 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 MONTHS ENDED
MARCH 31, 2011**

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Exhibit 10.1Exhibit 31.1Exhibit 31.2Exhibit 32.1Exhibit 32.2Exhibit 99.1**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, 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, 2010, 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 Part I of our Annual Report on Form 10-K for the year ended December 31, 2010.

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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) | March 31, 2011 | December 31, 2010 |
|---|---------------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 95,366 | \$ 83,010 |
| Receivables, net | 200,200 | 196,799 |
| Inventories | 122,911 | 123,028 |
| Deferred tax asset | 21,041 | 27,654 |
| Prepaid expenses and other current assets | 10,097 | 10,036 |
| Total current assets | 449,615 | 440,527 |
| Property, plant and equipment, net | 212,792 | 212,655 |
| Goodwill | 63,008 | 62,307 |
| Other intangible assets, net | 12,664 | 13,072 |
| Other assets | 8,372 | 8,781 |
| Total assets | \$ 746,451 | \$ 737,342 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Short-term debt | \$ 359 | \$ 1,606 |
| Accounts payable | 62,861 | 66,316 |
| Accrued liabilities | 34,009 | 43,234 |
| Total current liabilities | 97,229 | 111,156 |
| Long-term debt, less current portion | 172,996 | 172,987 |
| Deferred tax liability | 32,225 | 31,549 |
| Other noncurrent liabilities | 4,661 | 4,303 |
| Total liabilities | 307,111 | 319,995 |
| Commitments and contingencies (Note 5) | | |
| Common stock, \$0.01 par value, 200,000,000 shares authorized 93,153,576 and 93,143,102 shares issued, respectively | 932 | 931 |
| Paid-in capital | 469,547 | 468,503 |
| Accumulated other comprehensive income | 13,679 | 8,581 |
| Retained deficit | (29,180) | (45,034) |
| Treasury stock, at cost; 2,763,274 and 2,766,912 shares, respectively | (15,638) | (15,634) |

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| | | |
|--|------------|------------|
| Total stockholders' equity | 439,340 | 417,347 |
| Total liabilities and stockholders' equity | \$ 746,451 | \$ 737,342 |

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 March | |
|--|---------------------------------|---------------------|
| | 2011 | 31, 2010 |
| Revenues | \$ 202,651 | \$ 160,798 |
| Cost of revenues | 159,002 | 133,518 |
| Selling, general and administrative expenses | 15,818 | 14,413 |
| Other operating income, net | (117) | (842) |
| Operating income | 27,948 | 13,709 |
| Foreign currency exchange loss (gain) | 323 | (611) |
| Interest expense, net | 2,257 | 2,148 |
| Income from operations before income taxes | 25,368 | 12,172 |
| Provision for income taxes | 9,514 | 4,390 |
| Net income | \$ 15,854 | \$ 7,782 |
| Income per common share basic | \$ 0.18 | \$ 0.09 |
| Income per common share diluted | \$ 0.16 | \$ 0.09 |

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

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

| (In thousands) | Three Months Ended March | |
|---|---------------------------------|-------------|
| | 2011 | 2010 |
| Net income | \$ 15,854 | \$ 7,782 |
| Changes in fair value of interest rate swap, net of tax | | (10) |
| Foreign currency translation adjustments | 5,098 | (2,382) |
| Comprehensive income | \$ 20,952 | \$ 5,390 |

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) | Three Months Ended March | |
|---|---------------------------------|---------------------|
| | 2011 | 31, 2010 |
| Cash flows from operating activities: | | |
| Net income | \$ 15,854 | \$ 7,782 |
| Adjustments to reconcile net income to net cash provided by (used in) operations: | | |
| Depreciation and amortization | 6,430 | 6,711 |
| Stock-based compensation expense | 975 | 870 |
| Provision for deferred income taxes | 7,567 | 3,147 |
| Net (recovery) provision for doubtful accounts | (44) | 239 |
| (Gain) loss on sale of assets | (17) | 348 |
| Change in assets and liabilities: | | |
| Increase in receivables | (1,063) | (32,724) |
| Decrease in inventories | 1,453 | 9,183 |
| Decrease (increase) in other assets | 285 | (261) |
| Decrease in accounts payable | (3,895) | (1,134) |
| (Decrease) increase in accrued liabilities and other | (9,648) | 3,470 |
| Net cash provided by (used in) operating activities | 17,897 | (2,369) |
| Cash flows from investing activities: | | |
| Capital expenditures | (6,188) | (2,029) |
| Proceeds from sale of property, plant and equipment | 66 | 48 |
| Net cash used in investing activities | (6,122) | (1,981) |
| Cash flows from financing activities: | | |
| Borrowings on lines of credit | 1,193 | 45,409 |
| Payments on lines of credit | (2,332) | (39,564) |
| Other borrowings (payments) | 9 | (186) |
| Proceeds from employee stock plans | 87 | 48 |
| Purchase of treasury stock | (95) | (86) |
| Net cash (used in) provided by financing activities | (1,138) | 5,621 |
| Effect of exchange rate changes on cash | 1,719 | (539) |
| Net increase in cash and cash equivalents | 12,356 | 732 |
| Cash and cash equivalents at beginning of period | 83,010 | 11,534 |
| Cash and cash equivalents at end of period | \$ 95,366 | \$ 12,266 |

Cash paid for:

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| | | | | |
|--------------|----|-------|----|-------|
| Income taxes | \$ | 3,582 | \$ | 1,132 |
| Interest | \$ | 234 | \$ | 2,269 |

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 of 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, 2010. Our fiscal year end is December 31 and our first quarter represents the three month period ended March 31. The results of operations for the first quarter of 2011 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 March 31, 2011, the results of our operations for the first quarter of 2011 and 2010, and our cash flows for the first quarter of 2011 and 2010. All adjustments are of a normal recurring nature. Our balance sheet at December 31, 2010 is derived from the audited consolidated 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, 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. The impact of this additional guidance has not had a material impact on our consolidated financial statements.

In December 2010, the FASB issued updated accounting guidance related to the calculation of the carrying amount of a reporting unit when performing the first step of a goodwill impairment test. Specifically, this update requires an entity to use an equity premise when performing the first step of a goodwill impairment test and if a reporting unit has a zero or negative carrying amount, the entity must assess and consider qualitative factors and whether it is more likely than not that a goodwill impairment exists. The new accounting guidance is effective for impairment tests performed during entities' fiscal years (and interim periods within those years) that begin after December 15, 2010. The impact of this updated guidance has not had a material impact on our consolidated financial statements.

In December 2010, the FASB issued updated accounting guidance to clarify that pro forma disclosures should be presented as if a business combination occurred at the beginning of the prior annual period for purposes of preparing both the current reporting period and the prior reporting period pro forma financial information. These disclosures should be accompanied by a narrative description about the nature and amount of material, nonrecurring pro forma adjustments. The new accounting guidance is effective for business combinations consummated in periods beginning after December 15, 2010, and should be applied prospectively as of the date of adoption. The impact of this guidance has not had a material impact on our consolidated financial statements.

Table of Contents**Note 2 Earnings per Share**

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

| (In thousands, except per share data) | First Quarter | |
|---|----------------------|-------------|
| | 2011 | 2010 |
| Basic EPS: | | |
| Net income | \$ 15,854 | \$ 7,782 |
| Weighted average number of common shares outstanding | 89,621 | 88,654 |
| Basic income per common share | \$ 0.18 | \$ 0.09 |
| Diluted EPS: | | |
| Net income | \$ 15,854 | \$ 7,782 |
| Assumed conversion of Senior Notes | 1,194 | |
| Adjusted net income | \$ 17,048 | \$ 7,782 |
| Weighted average number of common shares outstanding-basic | 89,621 | 88,654 |
| Add: Dilutive effect of stock options and restricted stock awards | 823 | 213 |
| Dilutive effect of Senior Notes | 15,682 | |
| Diluted weighted average number of common shares outstanding | 106,126 | 88,867 |
| Diluted income per common share | \$ 0.16 | \$ 0.09 |
| Stock options and warrants excluded from calculation of diluted earnings per share because anti-dilutive for the period | 3,826 | 4,561 |

For the first quarter of 2011 and 2010, we had weighted average dilutive stock options and restricted stock outstanding of approximately 3.0 million shares and 2.8 million shares respectively. The resulting net effect of stock options and restricted stock were used in calculating diluted earnings per share for the period.

In June 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. As of March 31, 2011, the Series B Warrant, as adjusted for 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.

Table of Contents**Note 3 Receivables and Inventories**

Receivables Receivables consist of the following:

| (In thousands) | March 31, 2011 | December 31, 2010 |
|---------------------------------|---------------------------|------------------------------|
| Gross trade receivables | \$ 197,212 | \$ 193,349 |
| Allowance for doubtful accounts | (5,796) | (5,839) |
| Net trade receivables | 191,416 | 187,510 |
| Other receivables | 8,784 | 9,289 |
| Total receivables, net | \$ 200,200 | \$ 196,799 |

Inventories Our inventories include \$121.6 million and \$122.5 million of raw materials and components for our drilling fluids systems at March 31, 2011 and December 31, 2010, respectively. The remaining balance consists primarily of composite mat finished goods.

Note 4 Financing Arrangements and Fair Value of Financial Instruments

Our financing arrangements include \$172.5 million of unsecured convertible senior notes (Senior Notes) and a \$150.0 million revolving credit facility, of which no borrowings were outstanding at March 31, 2011. 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 our common stock per \$1,000 principal amount of Senior Notes (equivalent to an initial conversion price of \$11.00 per share of common stock), subject to adjustment in certain circumstances. Upon conversion, the Senior Notes will be settled in shares of our common stock. We may not redeem the Senior Notes at our election prior to their maturity date.

Our financial instruments include cash and cash equivalents, receivables, payables, and debt. We believe the carrying values of these instruments, with the exception of our debt, approximated their fair values at March 31, 2011 and December 31, 2010. The estimated fair value of our outstanding debt is \$172.5 million at March 31, 2011 and \$159.1 million at December 31, 2010. The estimated fair value of the Senior Notes at these respective dates is based on quoted market prices.

Note 5 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.

Table of Contents**Note 6 Segment Data**

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

| (In thousands) | First Quarter | |
|--------------------------------|----------------------|-------------|
| | 2011 | 2010 |
| Revenues | | |
| Fluids systems and engineering | \$ 170,467 | \$ 136,310 |
| Mats and integrated services | 23,063 | 13,620 |
| Environmental services | 9,121 | 10,868 |
| Total revenues | \$ 202,651 | \$ 160,798 |
| Operating income (loss) | | |
| Fluids systems and engineering | \$ 19,199 | \$ 12,414 |
| Mats and integrated services | 11,784 | 2,714(1) |
| Environmental services | 1,620 | 2,679 |
| Corporate office | (4,655) | (4,098) |
| Operating income | \$ 27,948 | \$ 13,709 |

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

Note 7 Subsequent Event

In April 2011, we completed the acquisition of the drilling fluids and engineering services business from Rheochem PLC, a publicly-traded Australian-based oil and gas company. The acquired business provides drilling fluids and related engineering services to the oil and gas exploration and geothermal industries with operations in Australia, New Zealand and India. Total cash paid at closing was AUD\$24.0 million (\$25.4 million), and total consideration is subject to typical adjustments for working capital conveyed at closing. Additional consideration may be payable based on financial results of the acquired business over a one-year earnout period, up to a maximum total consideration of AUD\$45 million. In the most recently completed fiscal year ended June 30, 2010, Rheochem PLC's drilling fluid services segment reported revenues of AUD\$20.3 million. Our operating results for the first quarter of 2011 include \$0.4 million of acquisition-related costs. Proforma results of operations have not been presented as the effects of this acquisition is not material to our consolidated financial statements.

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. In October 2010, we completed our offering of Senior Notes under this shelf registration statement. While our Senior Notes did not include subsidiary guarantees, under our remaining 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 sheets as of March 31, 2011 and December 31, 2010, and unaudited condensed consolidating statements of operations and statements of cash flows for

the quarters ended March 31, 2011 and 2010 are as follows:

Table of Contents**Condensed Consolidating Balance Sheets**

| (in thousands) (unaudited) | March 31, 2011 | | | | |
|--|----------------|---------------------------|-------------------------------|--------------------------|--------------|
| | Parent | Guarantor subsidiaries | Non-guarantor subsidiaries | Consolidating entries | Consolidated |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 80,886 | \$ (9,083) | \$ 23,563 | \$ | \$ 95,366 |
| Receivables, net | 586 | 127,355 | 72,259 | | 200,200 |
| Inventories | | 83,503 | 39,408 | | 122,911 |
| Deferred tax asset | 10,383 | 10,350 | 308 | | 21,041 |
| Prepaid expenses and other current assets | 752 | 2,477 | 6,868 | | 10,097 |
| Total current assets | 92,607 | 214,602 | 142,406 | | 449,615 |
| Property, plant and equipment, net | 9,011 | 178,606 | 25,175 | | 212,792 |
| Goodwill | | 38,237 | 24,771 | | 63,008 |
| Other intangible assets, net | | 10,135 | 2,529 | | 12,664 |
| Other assets | 7,252 | 590 | 1,601 | (1,071) | 8,372 |
| Investment in subsidiaries | 188,554 | 29,283 | | (217,837) | |
| Total assets | \$ 297,424 | \$ 471,453 | \$ 196,482 | \$ (218,908) | \$ 746,451 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | | | |
| Foreign lines of credit and other short-term debt | \$ | \$ | \$ 359 | \$ | \$ 359 |
| Accounts payable | 1,998 | 36,840 | 24,023 | | 62,861 |
| Accrued liabilities | 12,285 | 9,544 | 12,180 | | 34,009 |
| Total current liabilities | 14,283 | 46,384 | 36,562 | | 97,229 |
| Long-term debt, less current portion | 172,500 | | 496 | | 172,996 |
| Deferred tax liability | | 31,785 | 1,511 | (1,071) | 32,225 |
| Other noncurrent liabilities | 2,307 | 10 | 2,344 | | 4,661 |
| Net intercompany (receivable) payable | (331,006) | 255,823 | 75,183 | | |
| Total liabilities | (141,916) | 334,002 | 116,096 | (1,071) | 307,111 |
| Common stock | 932 | 24,557 | 29,110 | (53,667) | 932 |
| Paid-in capital | 469,547 | 56,417 | 3 | (56,420) | 469,547 |
| Accumulated other comprehensive income | 13,679 | | 19,470 | (19,470) | 13,679 |
| Retained (deficit) earnings | (29,180) | 56,477 | 31,803 | (88,280) | (29,180) |
| Treasury stock, at cost | (15,638) | | | | (15,638) |

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| | | | | | |
|---|------------|------------|------------|--------------|------------|
| Total stockholders equity | 439,340 | 137,451 | 80,386 | (217,837) | 439,340 |
| Total liabilities and stockholders equity | \$ 297,424 | \$ 471,453 | \$ 196,482 | \$ (218,908) | \$ 746,451 |

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| (in thousands) (unaudited) | December 31, 2010 | | | | Consolidated |
|--|--------------------------|-----------------------------------|---------------------------------------|----------------------------------|---------------------|
| | Parent | Guarantor subsidiaries | Non-guarantor subsidiaries | Consolidating entries | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 68,128 | \$ (4,290) | \$ 19,172 | \$ | \$ 83,010 |
| Receivables, net | 789 | 122,827 | 73,183 | | 196,799 |
| Inventories | | 83,434 | 39,594 | | 123,028 |
| Deferred tax asset | 16,572 | 10,351 | 731 | | 27,654 |
| Prepaid expenses and other current assets | 2,121 | 2,279 | 5,636 | | 10,036 |
| Total current assets | 87,610 | 214,601 | 138,316 | | 440,527 |
| Property, plant and equipment, net | 6,991 | 180,743 | 24,921 | | 212,655 |
| Goodwill | | 38,237 | 24,070 | | 62,307 |
| Other intangible assets, net | | 10,562 | 2,510 | | 13,072 |
| Other assets | 8,316 | 594 | 1,621 | (1,750) | 8,781 |
| Investment in subsidiaries | 180,700 | 29,283 | | (209,983) | |
| Total assets | \$ 283,617 | \$ 474,020 | \$ 191,438 | \$ (211,733) | \$ 737,342 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | | | |
| Foreign lines of credit and other short-term debt | \$ | \$ | \$ 1,606 | \$ | \$ 1,606 |
| Accounts payable | 2,083 | 38,516 | 25,717 | | 66,316 |
| Accrued liabilities | 16,470 | 11,094 | 15,670 | | 43,234 |
| Total current liabilities | 18,553 | 49,610 | 42,993 | | 111,156 |
| Long-term debt, less current portion | 172,500 | | 487 | | 172,987 |
| Deferred tax liability | | 31,785 | 1,514 | (1,750) | 31,549 |
| Other noncurrent liabilities | 2,043 | 10 | 2,250 | | 4,303 |
| Net intercompany (receivable) payable | (326,826) | 254,541 | 72,285 | | |
| Total liabilities | (133,730) | 335,946 | 119,529 | (1,750) | 319,995 |
| Common stock | 931 | 24,557 | 29,110 | (53,667) | 931 |
| Paid-in capital | 468,503 | 56,417 | 3 | (56,420) | 468,503 |
| Accumulated other comprehensive income | 8,581 | | 14,826 | (14,826) | 8,581 |
| Retained (deficit) earnings | (45,034) | 57,100 | 27,970 | (85,070) | (45,034) |
| Treasury stock, at cost | (15,634) | | | | (15,634) |

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| | | | | | |
|---|------------|------------|------------|--------------|------------|
| Total stockholders equity | 417,347 | 138,074 | 71,909 | (209,983) | 417,347 |
| Total liabilities and stockholders equity | \$ 283,617 | \$ 474,020 | \$ 191,438 | \$ (211,733) | \$ 737,342 |

Table of Contents**Condensed Consolidated Statements of Operations**

| (in thousands) (unaudited) | First Quarter 2011 | | | | Consolidated |
|--|---------------------------|-----------------------------------|---------------------------------------|----------------------------------|---------------------|
| | Parent | Guarantor subsidiaries | Non-guarantor subsidiaries | Consolidating entries | |
| Revenues | \$ | \$ 144,801 | \$ 57,850 | \$ | \$ 202,651 |
| Cost of revenues | | 112,349 | 46,653 | | 159,002 |
| Selling, general and administrative expenses | 4,655 | 6,865 | 4,298 | | 15,818 |
| Other operating income, net | | (80) | (37) | | (117) |
| Operating (loss) income | (4,655) | 25,667 | 6,936 | | 27,948 |
| Foreign currency exchange (gain) loss | | (11) | 334 | | 323 |
| Interest expense (income), net | 2,304 | (5) | (42) | | 2,257 |
| Intercompany interest (income) expense | | (730) | 730 | | |
| (Loss) income from operations before income taxes | (6,959) | 26,413 | 5,914 | | 25,368 |
| Provision for income taxes | (2,952) | 11,204 | 1,262 | | 9,514 |
| Equity in income of subsidiaries | 19,861 | 3,625 | | (23,486) | |
| Net income | \$ 15,854 | \$ 18,834 | \$ 4,652 | \$ (23,486) | \$ 15,854 |

| (in thousands) (unaudited) | First Quarter 2010 | | | | Consolidated |
|---|---------------------------|-----------------------------------|---------------------------------------|----------------------------------|---------------------|
| | Parent | Guarantor subsidiaries | Non-guarantor subsidiaries | Consolidating entries | |
| Revenues | \$ | \$ 113,703 | \$ 47,095 | | \$ 160,798 |
| Cost of revenues | | 94,462 | 39,056 | | 133,518 |
| Selling, general and administrative expenses | 4,107 | 6,183 | 4,123 | | 14,413 |
| Other (income) expense, net | (11) | (961) | 130 | | (842) |
| Operating (loss) income | (4,096) | 14,019 | 3,786 | | 13,709 |
| Foreign currency exchange loss (gain) | | 19 | (630) | | (611) |

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| | | | | |
|--|----------|-----------|----------|----------------------|
| Interest expense (income), net | 2,079 | (9) | 78 | 2,148 |
| Intercompany interest (income) expense | | (709) | 709 | |
| (Loss) income from operations before income | (6,175) | 14,718 | 3,629 | 12,172 |
| Provision for income taxes | (2,735) | 6,482 | 643 | 4,390 |
| Equity in income of subsidiaries | 11,222 | 1,938 | (13,160) | |
| Net income | \$ 7,782 | \$ 10,174 | \$ 2,986 | \$ (13,160) \$ 7,782 |

Table of Contents**Condensed Consolidated Statements of Cash Flows**

| (in thousands) (unaudited) | First Quarter 2011 | | | Consolidated |
|---|---------------------------|-----------------------------------|---------------------------------------|---------------------|
| | Parent | Guarantor subsidiaries | Non-guarantor subsidiaries | |
| Net cash (used in) provided by operating activities | \$ (4,752) | \$ 19,816 | \$ 2,833 | \$ 17,897 |
| Net cash used in investing activities | (2,142) | (2,575) | (1,405) | (6,122) |
| Borrowings on lines of credit | | | 1,193 | 1,193 |
| Payments on lines of credit | | | (2,332) | (2,332) |
| Other borrowings | | | 9 | 9 |
| Inter-company borrowings (repayments) | 19,660 | (22,034) | 2,374 | |
| Other financing activities | (8) | | | (8) |
| Net cash (used in) provided by financing activities | 19,652 | (22,034) | 1,244 | (1,138) |
| Effect of exchange rate changes on cash | | | 1,719 | 1,719 |
| Net increase (decrease) in cash | 12,758 | (4,793) | 4,391 | 12,356 |
| Cash at the beginning of the period | 68,128 | (4,290) | 19,172 | 83,010 |
| Cash at the end of the period | \$ 80,886 | \$ (9,083) | \$ 23,563 | \$ 95,366 |

| (in thousands) (unaudited) | First Quarter 2010 | | | Consolidated |
|---|---------------------------|-----------------------------------|---------------------------------------|---------------------|
| | Parent | Guarantor subsidiaries | Non-guarantor subsidiaries | |
| Net cash (used in) provided by operating activities | \$ (3,054) | \$ 7,684 | \$ (6,999) | \$ (2,369) |
| Net cash used in investing activities | (20) | (722) | (1,239) | (1,981) |
| Borrowings on lines of credit | 36,000 | | 9,409 | 45,409 |
| Payments on lines of credit | (31,000) | | (8,564) | (39,564) |
| Inter-company (repayments) borrowings | (1,810) | (6,880) | 8,690 | |
| Other financing activities | (38) | (82) | (104) | (224) |
| New cash provided by (used in) financing activities | 3,152 | (6,962) | 9,431 | 5,621 |

| | | | | | | |
|---|----|-----|----|--------|--------|-----------|
| Effect of exchange rate changes on cash | | | | (539) | | (539) |
| Net increase in cash | | 78 | | 654 | | 732 |
| Cash at the beginning of the period | | 162 | | 11,372 | | 11,534 |
| Cash at the end of the period | \$ | 240 | \$ | \$ | 12,026 | \$ 12,266 |

Table of Contents**ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion of our financial condition, results of operations, liquidity and capital resources should be read together with our unaudited condensed consolidated financial statements and notes to unaudited condensed consolidated financial statements contained in this report as well as our Annual Report on Form 10-K for the year ended December 31, 2010. Our first quarter represents the three month period ended March 31.

Overview

We are a diversified oil and gas industry supplier with three reportable segments: Fluids Systems and Engineering, Mats and Integrated Services, and Environmental Services. We provide these products and services primarily to the oil and gas exploration (E&P) industry domestically in the U.S. Gulf Coast, West Texas, Oklahoma, East Texas, North Louisiana, Rocky Mountains and Northeast regions, as well as internationally in certain areas of Europe, North Africa, Brazil, Canada and Mexico. Further, we established a presence outside the E&P sector, particularly in Mats and Integrated Services, where we are marketing to utilities, municipalities and government sectors. Our North American operations generated 77% of total reported revenues for the first quarter 2011, and our consolidated revenues by segment are as follows:

| (In thousands) | First Quarter 2011 Revenues | % |
|--------------------------------|--|----------|
| Fluids systems and engineering | \$ 170,467 | 84% |
| Mats and integrated services | 23,063 | 11% |
| Environmental services | 9,121 | 5% |
| Total revenues | \$ 202,651 | 100% |

Our operating results depend, to a large extent, on oil and gas drilling activity levels in the markets we serve, as well as the depth of drilling, which governs the revenue potential of each well. The drilling activity in turn, depends on oil and gas commodity pricing, inventory levels and demand, and more recently, regulatory actions affecting operations in the Gulf of Mexico.

Rig count data is the most widely accepted indicator of drilling activity. Average North American rig count data for the first quarter of 2011, as compared to the first quarter of 2010 is as follows:

| | First Quarter | | 2011 vs 2010 | |
|--------------------|----------------------|-------------|---------------------|----------|
| | 2011 | 2010 | Count | % |
| U.S. Rig Count | 1,716 | 1,333 | 383 | 29% |
| Canadian Rig Count | 587 | 449 | 138 | 31% |
| North America | 2,303 | 1,782 | 521 | 29% |

Source: Baker Hughes Incorporated

In April 2010, the Deepwater Horizon drilling rig sank in the Gulf of Mexico after an explosion and fire, resulting in the discharge of oil from the well. Following the Deepwater Horizon oil spill, the Department of Interior of the U.S. government took several actions aimed at restricting and temporarily prohibiting certain drilling activity in the Gulf of Mexico. While the Department of Interior has since announced the formal end of the drilling moratorium placed in effect in May 2010, increased permitting requirements are applicable to both shallow water and deepwater drilling activities. As a result, the near-term outlook for drilling activity in the Gulf of Mexico remains uncertain.

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In April 2011, we completed the acquisition of the drilling fluids and engineering services business from Rheochem PLC, a publicly-traded Australian-based oil and gas company. The acquired business provides drilling fluids and related engineering services to the oil and gas exploration and geothermal industries with operations in Australia, New Zealand and India. Total cash paid at closing was AUD\$24.0 million (\$25.4 million), and total consideration is subject to typical adjustments for working capital conveyed at closing. Additional consideration may be payable based on financial results of the acquired business over a one-year earnout period, up to a maximum total consideration of AUD\$45 million. In the most recently completed fiscal year ended June 30, 2010, Rheochem PLC's drilling fluid services segment reported revenues of AUD\$20.3 million.

First Quarter of 2011 Compared to First Quarter of 2010**Results of Operations**

Summarized results of operations for the first quarter of 2011 compared to the first quarter of 2010 are as follows:

| (In thousands) | First Quarter | | 2011 vs 2010 | |
|--|---------------|------------|--------------|-------|
| | 2011 | 2010 | \$ | % |
| Revenues | \$ 202,651 | \$ 160,798 | \$ 41,853 | 26% |
| Cost of revenues | 159,002 | 133,518 | 25,484 | 19% |
| Selling, general and administrative expenses | 15,818 | 14,413 | 1,405 | 10% |
| Other operating income, net | (117) | (842) | 725 | (86)% |
| Operating income | 27,948 | 13,709 | 14,239 | 104% |
| Foreign currency exchange loss (gain) | 323 | (611) | 934 | NM |
| Interest expense, net | 2,257 | 2,148 | 109 | 5% |
| Income from operations before income taxes | 25,368 | 12,172 | 13,196 | 108% |
| Provision for income taxes | 9,514 | 4,390 | 5,124 | 117% |
| Net income | \$ 15,854 | \$ 7,782 | \$ 8,072 | 104% |

NM not meaningful

Revenues

Revenues increased 26% to \$202.7 million in the first quarter of 2011, compared to \$160.8 million in the first quarter of 2010. This \$41.9 million improvement includes a \$32.5 million (26%) increase in revenues in North America, largely driven by the 29% improvement in the U.S. rig count. Revenues from our international operations increased by \$9.3 million (25%) reflecting continued growth in Brazil along with improvements in our Eastern Europe operations. Additional information regarding the change in revenues is provided within the operating segment results below.

Cost of revenues

Cost of revenues increased 19% to \$159.0 million in the first quarter of 2011, as compared to \$133.5 million in the first quarter of 2010. The increase is primarily driven by the 26% increase in revenues. Additional information regarding the change in cost of revenues is provided within the operating segment results below.

Selling, general and administrative expenses

Selling, general and administrative expenses increased \$1.4 million to \$15.8 million in the first quarter of 2011 from \$14.4 million for the first quarter of 2010. The increase is primarily attributable to higher costs associated with the increase in revenues, along with \$0.4 million of legal and related costs associated with the April 2011 acquisition of Rheochem.

Table of Contents**Foreign currency exchange**

Foreign currency exchange primarily reflects the impact of currency translations on assets and liabilities held in our foreign operations that are denominated in currencies other than functional currencies. Our foreign operations have a portion of their cash and accounts receivable that are denominated in U.S. dollars. During the first quarter of 2011, foreign currency exchange was unfavorably impacted by the weakening U.S. dollar as compared to other currencies in our foreign operations, while the first quarter of 2010 benefitted from the strengthening U.S. dollar as compared to such currencies.

Interest expense, net

Interest expense totaled \$2.3 million for the first quarter of 2011, reflecting a 5% increase from \$2.1 million for the first quarter of 2010. The increase in interest expense is due to increased debt levels following the October 2010 issuance of \$172.5 million in convertible senior notes, bearing interest at 4.0% (Senior Notes). Following the Senior Notes offering, total debt at March 31, 2011 was \$173.4 million, reflecting a 35% increase from the \$128.3 million of total debt outstanding at March 31, 2010. The impact of the increased debt balance is largely offset by lower interest rates, as the 4.0% rate on the Senior Notes is down from the 5.4% weighted average borrowing rate at March 31, 2010.

Provision for income taxes

The provision for income taxes for the 1st quarter of 2011 was \$9.5 million of expense, reflecting an effective tax rate of 37.5%, compared to \$4.4 million in the first quarter of 2010 with an effective tax rate of 36.1%.

Operating Segment Results

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

| (In thousands) | First Quarter | | 2011 vs 2010 | |
|---------------------------------|---------------|------------|--------------|-------|
| | 2011 | 2010 | \$ | % |
| Revenues | | | | |
| Fluids systems and engineering | \$ 170,467 | \$ 136,310 | \$ 34,157 | 25% |
| Mats and integrated services | 23,063 | 13,620 | 9,443 | 69% |
| Environmental services | 9,121 | 10,868 | (1,747) | (16)% |
| Total revenues | \$ 202,651 | \$ 160,798 | \$ 41,853 | 26% |
| Operating income (loss) | | | | |
| Fluids systems and engineering | \$ 19,199 | \$ 12,414 | \$ 6,785 | |
| Mats and integrated services | 11,784 | 2,714 | 9,070 | |
| Environmental services | 1,620 | 2,679 | (1,059) | |
| Corporate office | (4,655) | (4,098) | (557) | |
| Operating income | \$ 27,948 | \$ 13,709 | \$ 14,239 | |
| Segment operating margin | | | | |
| Fluids systems and engineering | 11.3% | 9.1% | | |
| Mats and integrated services | 51.1% | 19.9% | | |
| Environmental services | 17.8% | 24.7% | | |

Table of Contents**Fluids Systems and Engineering***Revenues*

Total revenues for this segment consisted of the following:

| (In thousands) | First Quarter | | 2011 vs 2010 | |
|---------------------|---------------|------------|--------------|-----|
| | 2011 | 2010 | \$ | % |
| United States | \$ 112,721 | \$ 90,173 | \$ 22,548 | 25% |
| Canada | 10,804 | 8,722 | 2,082 | 24% |
| Total North America | 123,525 | 98,895 | 24,630 | 25% |
| Mediterranean | 27,068 | 22,277 | 4,791 | 22% |
| Brazil | 19,874 | 15,138 | 4,736 | 31% |
| Total | \$ 170,467 | \$ 136,310 | \$ 34,157 | 25% |

North America revenues increased 25% to \$123.5 million for the first quarter of 2011, as compared to \$98.9 million for the first quarter of 2010, largely attributable to the 29% increase in the U.S. rig count. Revenues from all U.S. operating regions improved from the first quarter of 2010, with the exception of East Texas and the Louisiana Gulf Coast, both of which experienced lower drilling activity in the first quarter of 2011.

Internationally, revenues were up 25% to \$46.9 million for the first quarter of 2011, as compared to \$37.4 million for the first quarter of 2010. This increase includes a \$6.3 million improvement from our Eastern Europe operations, as the first quarter of 2010 was negatively impacted by unusually cold weather. The remainder of the Mediterranean region was down, \$1.5 million, due in part to the impact of political and social unrest in Tunisia and Libya. Brazil revenues increased \$4.7 million due to the continued ramp-up of activity in this market.

Operating Income

Operating income for this segment was \$19.2 million reflecting an operating margin of 11.3%, in the first quarter of 2011, compared to \$12.4 million, and a 9.1% operating margin in the first quarter of 2010. Of this \$6.8 million improvement, our North American operating income increased \$3.6 million on a \$24.6 million increase in revenues, reflecting a 15% incremental margin. The lower than typical incremental margin is the result of a greater mix of low margin products in the first quarter of 2011, as compared to the first quarter of 2010. Our product mix typically fluctuates from period to period based on the specific customer activities and needs in the period. Our international operations generated a \$3.2 million increase in operating income on a \$9.5 million increase in revenues, reflecting a 33% incremental margin.

Mats and Integrated Services*Revenues*

Total revenues for this segment consisted of the following:

| (In thousands) | First Quarter | | 2011 vs 2010 | |
|------------------------------------|---------------|-----------|--------------|------|
| | 2011 | 2010 | \$ | % |
| Mat rental and integrated services | \$ 15,672 | \$ 7,730 | \$ 7,942 | 103% |
| Mat sales | 7,391 | 5,890 | 1,501 | 25% |
| Total | \$ 23,063 | \$ 13,620 | \$ 9,443 | 69% |

Mat rental and integrated services revenues increased \$7.9 million, including a \$9.4 million increase in the Northeast U.S. region, partially offset by declines in rental and service revenues in the Gulf Coast locations, as we have re-deployed our rental mat fleet assets to higher demand areas, including the Northeast U.S. region. Mat sales also

increased \$1.5 million, due to increasing demand for these products from the E&P industry. Our mat manufacturing facility is currently operating at full production capacity, which may limit our growth in the near-term. We are planning to make capital investments in the facility during 2011 to increase capacity, in order to meet customer demand.

Table of Contents*Operating Income*

Segment operating income increased by \$9.1 million on the \$9.4 million increase in revenues, reflecting an incremental margin of 96%. The high incremental margin is primarily attributable to the higher mix of mat rental activity. Incremental margins on mat rentals are stronger than mat sales or service activities, due to the fixed nature of operating expenses, including depreciation expense on our rental mat fleet.

Environmental Services*Revenues*

Total revenues for this segment consisted of the following:

| (In thousands) | First Quarter | | 2011 vs 2010 | |
|---------------------------|---------------|-----------|--------------|-------|
| | 2011 | 2010 | \$ | % |
| E&P waste | \$ 6,354 | \$ 8,573 | \$ (2,219) | (26)% |
| NORM and industrial waste | 2,767 | 2,295 | 472 | 21% |
| Total | \$ 9,121 | \$ 10,868 | \$ (1,747) | (16)% |

Environmental services revenues declined 16% to \$9.1 million in the first quarter of 2011, as compared to the first quarter of 2010. Substantially all of the decline is attributable to lower E&P waste from offshore Gulf of Mexico, reflecting the impact of U.S. government restrictions on drilling activity in the Gulf of Mexico.

Operating Income

Operating income for this segment decreased by \$1.1 million in the first quarter of 2011, compared to the first quarter of 2010, on a \$1.7 million decline in revenues, reflecting an incremental margin of 61%. The high incremental impact to operating income from the decline in revenues is due to the fixed nature of the majority of our operating expenses in this segment, including the operating costs and depreciation expense associated with our environmental disposal facilities.

Liquidity and Capital Resources

Net cash provided by operating activities during the first quarter of 2011 totaled \$17.9 million. Net income adjusted for non-cash items provided \$30.8 million of cash during the period, while changes in operating assets and liabilities used \$12.9 million of cash, including a \$9.6 million reduction of accrued liabilities following the March 2011 payment of 2010 performance incentives and a \$3.9 million reduction in accounts payable.

Net cash used in investing activities during the first quarter of 2011 was \$6.1 million, consisting primarily of capital expenditures. Net cash used in financing activities during the first quarter of 2011 was \$1.1 million, primarily reflecting net payments on our foreign credit facilities during the period.

We anticipate that our working capital requirements for our operations will fluctuate with our sales activity in the near term. Further, we expect total 2011 capital expenditures to range between \$30 million to \$40 million in addition to the investment required for the Rheochem acquisition. We expect our \$95.4 million of cash on-hand at March 31, 2011, along with cash generated by operations and availability under our existing credit agreement to be adequate to fund our anticipated capital needs.

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Our capitalization is as follows:

| (In thousands) | March 31, 2011 | December 31, 2010 |
|------------------------------|---------------------------|------------------------------|
| Senior Notes | \$ 172,500 | \$ 172,500 |
| Foreign bank lines of credit | 242 | 1,458 |
| Other | 613 | 635 |
| Total | 173,355 | 174,593 |
| Stockholder's equity | 439,340 | 417,347 |
| | | |
| Total capitalization | \$ 612,695 | \$ 591,940 |
| | | |
| Total debt to capitalization | 28.3% | 29.5% |

In addition to the borrowings noted above, we have a \$150.0 revolving credit facility (Facility) which expires in December 2012, under which there are currently no borrowings outstanding. Under the terms of the Facility, we can elect to borrow at an interest rate either based on LIBOR plus a margin based on our consolidated leverage ratio, ranging from 400 to 750 basis points, or at an interest rate based on the greatest of: (a) prime rate, (b) the federal funds rate in effect plus 50 basis points, or (c) the Eurodollar rate for a Eurodollar Loan with a one-month interest period plus 100 basis points, in each case plus a margin ranging from 300 to 650 basis points. The applicable margin on LIBOR borrowings at March 31, 2011 was 400 basis points. In addition, we are required to pay a commitment fee on the unused portion of the Facility of 50 basis points. As of March 31, 2011, we had \$3.3 million of letters of credit issued under this Facility, leaving \$146.7 million available for borrowing. The Facility contains certain financial covenants including a minimum fixed charge coverage ratio, a maximum consolidated leverage ratio, and a maximum funded debt-to-capitalization ratio. We were in compliance with these covenants as of March 31, 2011, and expect to remain in compliance through March 31, 2012.

The Facility is a senior secured obligation, secured by first liens on all of our U.S. tangible and intangible assets, including our accounts receivable and inventory. Additionally, a portion of the capital stock of our non-U.S. subsidiaries has also been pledged as collateral.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which requires us to make assumptions, estimates and judgments that affect the amounts reported. We periodically evaluate our estimates and judgments related to uncollectible accounts and notes receivable, customer returns, reserves for obsolete and slow moving inventory, impairments of long-lived assets, including goodwill and other intangibles and our valuation allowance for deferred tax assets. Our estimates are based on historical experience and on our future expectations that we believe to be reasonable. The combination of these factors forms the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from our current estimates and those differences may be material.

For additional discussion of our critical accounting estimates and policies, see Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2010. Our critical accounting policies have not changed materially since December 31, 2010.

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ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risk from changes in interest rates and changes in foreign currency rates. A discussion of our primary market risk exposure in financial instruments is presented below.

Interest Rate Risk

At March 31, 2011, we had total debt outstanding of \$173.4 million, including \$172.5 million of borrowings under our Senior Notes, bearing interest at a fixed rate of 4.0% and \$0.9 million of other borrowings, which bear interest at variable rates. Due to the limited borrowing currently outstanding under variable rate agreements, interest rate risk is minimal.

Foreign Currency

In addition to the April 2011 acquisition in Australia, our principal foreign operations are conducted in certain areas of Europe and North Africa, Brazil, Canada, U.K. and Mexico. We have foreign currency exchange risks associated with these operations, which are conducted principally in the foreign currency of the jurisdictions in which we operate which include European euros, Canadian dollars and Brazilian reais. Historically, we have not used off-balance sheet financial hedging instruments to manage foreign currency risks when we enter into a transaction denominated in a currency other than our local currencies because the dollar amount of these transactions has not warranted our using hedging instruments.

ITEM 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Based on their evaluation of our disclosure controls and procedures as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of March 31, 2011, the end of the period covered by this quarterly report.

Changes in internal control over financial reporting

There has been no change in internal control over financial reporting during the quarter ended March 31, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

The information set forth in the legal proceedings section of Note 5, Commitments and Contingencies, to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q is incorporated by reference into this Item 1.

ITEM 1A. Risk Factors

There have been no material changes during the period ended March 31, 2011 in our Risk Factors as discussed in Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2010.

Table of Contents**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

(a) Not applicable

(b) Not applicable

(c) The following table details our repurchases of shares of our common stock, for the three months ended March 31, 2011:

| Period | Total Number of Shares Purchased | Average Price per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs |
|-----------------------|---|--|---|---|
| January 1 - 31, 2011 | | | | \$9.9 million |
| February 1 - 28, 2011 | | | | \$9.9 million |
| March 1 - 31, 2011 | 12,422(1) | \$ 7.65 | | \$9.9 million |
| Total | 12,422 | \$ 7.65 | | |

(1) The shares purchased represent shares surrendered in lieu of taxes under vesting of restricted stock awards.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. [Removed and Reserved]**ITEM 5. Other Information**

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), each operator of a coal or other mine is required to include certain mine safety results in its periodic reports filed with the Securities and Exchange Commission. We do not believe that certain operations of our subsidiary, Excalibar Minerals LLC (“Excalibar”), are subject to the jurisdiction of the Mine Safety and Health Administration (“MSHA”) and we previously filed an action with MSHA requesting a transfer of regulatory jurisdiction for the operations of Excalibar to the Occupational Safety and Health Administration (“OSHA”). Our request to transfer regulatory jurisdiction for these operations from MSHA to OSHA has been denied. As a result, the four specialized barite and calcium carbonate grinding facilities operated by Excalibar and a gravel excavation facility formerly operated by the Mats and Integrated Services business were subject to the regulation by MSHA under the Federal Mine Safety and Health Act of 1977 (the “Mine Act”). As required by the reporting requirements regarding mine safety included in the Dodd-Frank Act, Exhibit 99.1 includes the information for the three months ended March 31, 2011 for each of the specialized facilities operated by our subsidiaries.

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ITEM 6. Exhibits

- 10.1 Share Sale and Purchase Agreement with Rheochem Plc.
- 31.1 Certification of Paul L. Howes pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of James E. Braun pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Paul L. Howes pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of James E. Braun pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99.1 Reporting requirements under the Mine Safety and Health Administration.

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**NEWPARK RESOURCES, INC.
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.

Date: April 29, 2011

NEWPARK RESOURCES, INC.

By: /s/ Paul L. Howes
Paul L. Howes, President and
Chief Executive Officer
(Principal Executive Officer)

By: /s/ James E. Braun
James E. Braun, Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Gregg S. Piontek
Gregg S. Piontek, Vice President, Controller
and
Chief Accounting Officer
(Principal Accounting Officer)

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EXHIBIT INDEX

| | |
|------|--|
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| 32.2 | Certification of James E. Braun pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 99.1 | Reporting requirements under the Mine Safety and Health Administration. |