

TETRA TECH INC  
Form 10-Q/A  
May 22, 2003

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q/A**

**Amendment No. 1**

(Mark One)

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

For the quarterly period ended March 30, 2003

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 0-19655

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**TETRA TECH, INC.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

95-4148514

(I.R.S. Employer Identification No.)

3475 East Foothill Boulevard, Pasadena, California 91107

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(Address of principal executive offices)

**(626) 351-4664**

(Registrant's telephone number, including area code)

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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 periods 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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 19, 2003, 53,500,415 shares of the Registrant's common stock were outstanding.

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EXPLANATORY NOTE

This Amendment on Form 10-Q/A constitutes Amendment No. 1 to the Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2003, which was previously filed with the Securities and Exchange Commission on May 14, 2003 (the "Quarterly Report"), of Tetra Tech, Inc. We are filing this Amendment to correct certain typographical errors contained in Part I, Items 1 and 2. The most significant corrections are as follows: (i) two captions in the Condensed Consolidated Balance Sheets have been corrected to read "Goodwill Net" and "Intangible and Other Assets Net"; (ii) the total in the Goodwill Adjustments column in the first table under Note 2 of Notes to Condensed Consolidated Financial Statements has been corrected to read "\$23,943,000"; and (iii) the total in the Accumulated Amortization column in the second table under Note 2 of Notes to Condensed Consolidated Financial Statements has been corrected to read "\$ (601,000)". We are also updating Part II, Item 6.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended, the complete text of Items 1 and 2 of Part I, and Item 6 of Part II, is set forth herein. In addition, in connection with the filing of this Amendment and pursuant to Rule 12b-15, we are including certain currently dated certifications. The remainder of our Quarterly Report is unchanged and is not reproduced in this Amendment. This Report speaks as of the original filing date of the Quarterly Report and, except as indicated, has not been updated to reflect events occurring subsequent to the original filing date.

TETRA TECH, INC.

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## PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Tetra Tech, Inc.

Condensed Consolidated Balance Sheets

| In thousands, except share data                      | March 30, 2003<br>(Unaudited) | September 29, 2002 |
|--|-------------------------------|--------------------|
| <b>ASSETS</b>  |                               |                    |
| <b>CURRENT ASSETS:</b>                               |                               |                    |
| Cash and cash equivalents                            | \$ 21,411                     | \$ 46,345          |
| Accounts receivable - net                            | 163,819                       | 137,354            |
| Unbilled receivables - net                           | 163,158                       | 117,354            |
| Contract retentions                                  | 5,856                         | 5,090              |
| Prepaid expenses and other current assets            | 22,301                        | 18,588             |
| Income taxes receivable                              | 28,633                        | 20,683             |
| Total Current Assets                                 | 405,178                       | 345,414            |
| <b>PROPERTY AND EQUIPMENT:</b>                       |                               |                    |
| Equipment, furniture and fixtures                    | 80,478                        | 76,756             |
| Leasehold improvements                               | 9,344                         | 8,217              |
| Total  | 89,822                        | 84,973             |
| Accumulated depreciation and amortization            | (46,366)                      | (44,847)           |
| PROPERTY AND EQUIPMENT - NET                         | 43,456                        | 40,126             |
| GOODWILL - NET                                       | 187,541                       | 278,267            |
| INTANGIBLE AND OTHER ASSETS - NET                    | 16,915                        | 8,173              |
| <b>TOTAL ASSETS</b>                                  | <b>\$ 653,090</b>             | <b>\$ 671,980</b>  |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>           |                               |                    |
| <b>CURRENT LIABILITIES:</b>                          |                               |                    |
| Accounts payable                                     | \$ 66,842                     | \$ 60,038          |
| Accrued compensation                                 | 36,684                        | 34,228             |
| Billings in excess of costs on uncompleted contracts | 17,307                        | 11,837             |
| Other current liabilities                            | 19,170                        | 19,377             |
| Deferred income taxes                                | 18,638                        | 18,638             |
| Current portion of long-term obligations             | 60,984                        | 1,559              |
| Total Current Liabilities                            | 219,625                       | 145,677            |
| LONG-TERM OBLIGATIONS                                | 110,000                       | 110,000            |

COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS EQUITY:

|  |                   |                   |
|--|-------------------|-------------------|
| Preferred stock - authorized, 2,000,000 shares of \$.01 par value; issued and outstanding, 0 shares at March 30, 2003 and September 29, 2002                                     |                   |                   |
| Exchangeable stock of a subsidiary   | 13,239            | 13,239            |
| Common stock - authorized, 85,000,000 shares of \$.01 par value; issued and outstanding, 53,411,621 and 53,273,227 shares at March 30, 2003 and September 29, 2002, respectively | 534               | 533               |
| Additional paid-in capital   | 208,179           | 207,505           |
| Accumulated other comprehensive loss   | (1,192)           | (1,784)           |
| Retained earnings  | 102,705           | 196,810           |
| <b>TOTAL STOCKHOLDERS EQUITY</b>   | <b>323,465</b>    | <b>416,303</b>    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>   | <b>\$ 653,090</b> | <b>\$ 671,980</b> |

See accompanying Notes to Condensed Consolidated Financial Statements.

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Tetra Tech, Inc.

Condensed Consolidated Statements of Operations

(Unaudited)

| In thousands, except per share data                  | Three Months Ended |                   | Six Months Ended  |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | March 30,<br>2003  | March 31,<br>2002 | March 30,<br>2003 | March 31,<br>2002 |
| Gross Revenue  | 245,464            | \$ 226,128        | \$ 478,544        | \$ 479,156        |
| Subcontractor Costs                                  | 52,594             | 48,055            | 104,692           | 116,194           |
| Net Revenue  | 192,870            | 178,073           | 373,852           | 362,962           |
| Cost of Net Revenue                                  | 151,075            | 142,851           | 294,449           | 282,828           |
| Gross Profit   | 41,795             | 35,222            | 79,403            | 80,134            |
| Selling, General and Administrative Expenses         | 20,290             | 22,394            | 40,640            | 43,844            |
| Amortization of Intangibles                          | 181                | 2,660             | 316               | 5,321             |
| Income from Operations                               | 21,324             | 10,168            | 38,447            | 30,969            |
| Interest Expense                                     | 2,387              | 2,479             | 4,524             | 4,720             |
| Interest Income                                      | 106                | 1,002             | 351               | 1,038             |
| Income Before Income Tax Expense                     | 19,043             | 8,691             | 34,274            | 27,287            |
| Income Tax Expense                                   | 7,618              | 3,389             | 13,710            | 10,642            |
| Income Before Cumulative Effect of Accounting Change | 11,425             | 5,302             | 20,564            | 16,645            |
| Cumulative Effect of Accounting Change               | 114,669            |                   | 114,669           |                   |
| Net (Loss) Income                                    | \$ (103,244)       | \$ 5,302          | \$ (94,105)       | \$ 16,645         |
| <b>Basic Earnings Per Share:</b>                     |                    |                   |                   |                   |
| Income Before Cumulative Effect of Accounting Change | \$ 0.21            | \$ 0.10           | \$ 0.39           | \$ 0.32           |
| Cumulative Effect of Accounting Change               | (2.14)             |                   | (2.15)            |                   |
| Net (Loss) Income                                    | \$ (1.93)          | \$ 0.10           | \$ (1.76)         | \$ 0.32           |
| <b>Diluted Earnings Per Share:</b>                   |                    |                   |                   |                   |
| Income Before Cumulative Effect of Accounting Change | \$ 0.21            | \$ 0.10           | \$ 0.37           | \$ 0.30           |
| Cumulative Effect of Accounting Change               | (2.07)             |                   | (2.07)            |                   |
| Net (Loss) Income                                    | \$ (1.86)          | \$ 0.10           | \$ (1.70)         | \$ 0.30           |
| <b>Weighted Average Common Shares Outstanding:</b>   |                    |                   |                   |                   |
| Basic  | 53,373             | 52,440            | 53,330            | 52,396            |

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|         |        |        |        |        |
|---------|--------|--------|--------|--------|
| Diluted | 55,419 | 54,945 | 55,212 | 55,089 |
|---------|--------|--------|--------|--------|

See accompanying Notes to Condensed Consolidated Financial Statements.



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Tetra Tech, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

| In thousands   | Six Months Ended  |                   |
|--|-------------------|-------------------|
|  | March 30,<br>2003 | March 31,<br>2002 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                   |                   |
| Net (loss) income  | \$ (94,105)       | \$ 16,645         |
| Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities: |                   |                   |
| Cumulative effect of accounting change   | 114,669           |                   |
| Depreciation and amortization  | 6,783             | 11,405            |
| Provision for losses on receivables  | 1,853             | 3,051             |
| Changes in operating assets and liabilities, net of effects of acquisitions:                       |                   |                   |
| Accounts receivable  | 4,942             | 19,129            |
| Unbilled receivables   | (12,770)          | (10,842)          |
| Contract retentions  | 329               | (2,306)           |
| Prepaid expenses and other assets  | (2,733)           | (4,669)           |
| Accounts payable   | (21,022)          | (4,882)           |
| Accrued compensation   | (2,603)           | (3,778)           |
| Billings in excess of costs on uncompleted contracts   | 528               | 2,914             |
| Other current liabilities  | 2,746             | 1,132             |
| Income taxes receivable/payable  | (8,050)           | (1,657)           |
| Net Cash (Used In) Provided By Operating Activities  | (9,433)           | 26,142            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                   |                   |
| Capital expenditures   | (4,000)           | (3,499)           |
| Payments for business acquisitions, net of cash acquired   | (72,193)          | (24,482)          |
| Net Cash Used In Investing Activities  | (76,193)          | (27,981)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                   |                   |
| Payments on long-term obligations  | (5,575)           | (40,332)          |
| Proceeds from borrowings under credit agreement  | 65,000            | 45,000            |
| Net proceeds from issuance of common stock   | 675               | 1,301             |
| Net Cash Provided By Financing Activities  | 60,100            | 5,969             |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH  | 592               | 22                |