

ATWOOD OCEANICS INC  
Form 10-Q  
February 06, 2009

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D. C. 20549**

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**Form 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)**

**OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR QUARTERLY PERIOD ENDED DECEMBER 31, 2008**

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

**COMMISSION FILE NUMBER 1-13167**

**ATWOOD OCEANICS, INC.**

(Exact name of registrant as specified in its charter)

**TEXAS**

(State or other jurisdiction of incorporation  
or organization)

**74-1611874**

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

**15835 Park Ten Place Drive**  
**Houston, Texas**

**77084**  
(Zip Code)

(Address of principal executive offices)

**281-749-7800**

(Registrant's telephone number, including area code)

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 and (2) has been subject to such filings requirements for the past 90 days. 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 "smaller reporting company" in Rule 12b-2 of the Exchange Act

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Large accelerated filer  Accelerated filer \_\_\_  
Non-accelerated filer \_\_\_ 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of January 31, 2009:  
64,187,927 shares of common stock, \$1 par value

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ATWOOD OCEANICS, INC.

FORM 10-Q

For the Quarter Ended December 31, 2008

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**PART I. ITEM I - FINANCIAL STATEMENTS**  
**ATWOOD OCEANICS, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share amounts)

	Three Months Ended	
	December 31,	
	2008	2007
<b>REVENUES:</b>		
Contract drilling	\$ 165,504	\$ 111,048
<b>COSTS AND EXPENSES:</b>		
Contract drilling	55,397	51,060
Depreciation	7,909	8,457
General and administrative	10,244	8,309
Loss on sale of equipment	48	27
	<b>73,598</b>	<b>67,853</b>
<b>OPERATING INCOME</b>	<b>91,906</b>	<b>43,195</b>
<b>OTHER INCOME (EXPENSE)</b>		
Interest expense	(305)	(803)
Interest income	115	719
	<b>(190)</b>	<b>(84)</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>91,716</b>	<b>43,111</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>13,353</b>	<b>4,562</b>
<b>NET INCOME</b>	<b>\$ 78,363</b>	<b>\$ 38,549</b>
<b>EARNINGS PER COMMON SHARE (NOTE 3):</b>		
Basic	\$ 1.22	\$ 0.61
Diluted	\$ 1.22	\$ 0.60
<b>AVERAGE COMMON SHARES OUTSTANDING (NOTE 3):</b>		
Basic	<b>64,081</b>	<b>63,370</b>
Diluted	<b>64,332</b>	<b>64,324</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.



**PART I. ITEM I - FINANCIAL STATEMENTS**  
**ATWOOD OCEANICS, INC. AND SUBSIDIARIES**  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands)

	December 31, 2008	September 30, 2008
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 146,497	\$ 121,092
Accounts receivable, net of an allowance of \$114 at December 31, 2008 and September 30, 2008	168,419	135,728
Insurance receivable	1,308	-
Income tax receivable	3,591	3,292
Inventories of materials and supplies	42,831	37,906
Deferred tax assets	21	21
Prepaid expenses and deferred costs	7,333	10,225
Total Current Assets	370,000	308,264
<b>NET PROPERTY AND EQUIPMENT</b>	<b>949,481</b>	<b>787,838</b>
<b>DEFERRED COSTS AND OTHER ASSETS</b>	<b>6,020</b>	<b>3,856</b>
	\$ 1,325,501	\$ 1,099,958
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 16,035	\$ 16,987
Accrued liabilities	61,786	42,921
Deferred credits	1,899	304
Total Current Liabilities	79,720	60,212
<b>LONG-TERM DEBT,</b> net of current maturities:	<b>300,000</b>	<b>170,000</b>
	<b>300,000</b>	<b>170,000</b>
<b>LONG TERM LIABILITIES:</b>		
Deferred income taxes	9,947	10,595
Deferred credits	5,496	7,942
Other	6,231	7,519
	<b>21,674</b>	<b>26,056</b>
<b>COMMITMENTS AND CONTINGENCIES (SEE NOTE 8)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, no par value; 1,000 shares authorized, none outstanding	-	-
Common stock, \$1 par value, 90,000 shares authorized with 64,179 and 64,031 issued and outstanding at December 31, 2008 and September 30, 2008, respectively	64,179	64,031
Paid-in capital	116,710	114,804
Retained earnings	743,218	664,855
Total Shareholders' Equity	924,107	843,690
	\$ 1,325,501	\$ 1,099,958



The accompanying notes are an integral part of these condensed consolidated financial statements.

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**PART I. ITEM I - FINANCIAL STATEMENTS****ATWOOD OCEANICS, INC. AND SUBSIDIARIES  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

	Three Months Ended December 31,	
	2008	2007
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 78,363	\$ 38,549
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	7,909	8,457
Amortization of debt issuance costs	114	444
Amortization of deferred items	(3,059)	(2,575)
Provision for inventory obsolescence	-	70
Deferred income tax benefit	(648)	(824)
Stock-based compensation expense	2,046	1,420
Loss on sale of equipment	48	27
Changes in assets and liabilities:		
Increase in accounts receivable	(32,687)	(12,431)
Increase in insurance receivable	(355)	-
Increase in income tax receivable	(299)	(271)
Increase in inventory	(5,203)	(1,761)
Decrease in prepaid expenses	2,949	2,527
Increase in deferred costs and other assets	(338)	(3,735)
Increase (decrease) in accounts payable	(952)	802
Increase in accrued liabilities	12,632	7,888
Increase in deferred credits and other liabilities	1,490	306
Net cash provided by operating activities	62,010	38,893
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(164,046)	(25,837)
Proceeds from sale of equipment	-	25
Net cash used by investing activities	(164,046)	(25,812)
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		