

ATWOOD OCEANICS INC
Form 10-Q
February 04, 2010
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

Form 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR QUARTERLY PERIOD ENDED DECEMBER 31, 2009

o 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
(Address of principal executive
offices)

77084
(Zip Code)

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 X 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 (§232.405 of this chapter) 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 "smaller reporting company in Rule 12b-2 of the Exchange Act

Large accelerated filer X
Non-accelerated filer ___

Accelerated filer ___
Smaller reporting company ___

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes___ No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of January 31, 2010:
64,391,639 shares of common stock, \$1 par value

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ATWOOD OCEANICS, INC.

FORM 10-Q

For the Quarter Ended December 31, 2009

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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,	
	2009	2008
REVENUES:		
Contract drilling	\$ 164,243	\$ 165,504
COSTS AND EXPENSES:		
Contract drilling	61,042	55,397
Depreciation	9,713	7,909
General and administrative	11,623	10,244
(Gain) Loss on sale of equipment	(87)	48
	82,291	73,598
OPERATING INCOME	81,952	91,906
OTHER INCOME (EXPENSE)		
Interest expense	(733)	(305)
Interest income	36	115
	(697)	(190)
INCOME BEFORE INCOME TAXES	81,255	91,716
PROVISION FOR INCOME TAXES	14,271	13,353
NET INCOME	\$ 66,984	\$ 78,363
EARNINGS PER COMMON SHARE (NOTE 3):		
Basic	1.04	1.22
Diluted	1.03	1.22
AVERAGE COMMON SHARES OUTSTANDING (NOTE 3):		
Basic	64,303	64,081
Diluted	65,023	64,332

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, 2009	September 30, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 187,205	\$ 100,259
Accounts receivable, net of an allowance of \$65 at December 31, 2009 and September 30, 2009	106,027	124,053
Insurance receivable	1,538	2,518
Income tax receivable	11,927	8,306
Inventories of materials and supplies	50,584	50,136
Deferred tax assets	35	35
Prepaid expenses and deferred costs	15,572	19,297
Total Current Assets	372,888	304,604
NET PROPERTY AND EQUIPMENT	1,222,483	1,184,300
LONG TERM ASSETS:		
Other receivables	14,331	14,331
Deferred costs and other assets	5,856	6,167
	20,187	20,498
	\$ 1,615,558	\$ 1,509,402
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 50,510	\$ 19,066
Accrued liabilities	30,277	28,960
Income tax payable	35,125	29,067
Deferred credits	36,779	35,825
Total Current Liabilities	152,691	112,918
LONG-TERM DEBT	275,000	275,000
	275,000	275,000
LONG TERM LIABILITIES:		
Deferred income taxes	2,849	6,082
Deferred credits	1,842	2,921
Other	10,937	10,188

	15,628	19,191
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COMMITMENTS AND CONTINGENCIES (SEE NOTE 10)

SHAREHOLDERS' EQUITY:

Preferred stock, no par value; 1,000 shares authorized, none outstanding	-	-
Common stock, \$1 par value, 90,000 shares authorized with 64,385 and 64,236 issued and outstanding at December 31, 2009 and September 30, 2009, respectively	64,385	64,236
Paid-in capital	125,270	122,457
Retained earnings	982,584	915,600
Total Shareholders' Equity	1,172,239	1,102,293
	\$ 1,615,558	\$ 1,509,402

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 STATEMENTS OF CASH FLOWS
 (In thousands)

	Three Months Ended December 31,	
	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income	\$ 66,984	\$ 78,363
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	9,713	7,909
Amortization of debt issuance costs	201	114
Amortization of deferred items	(55,215)	(3,059)
Provision for inventory obsolescence	135	-
Deferred income tax benefit	(3,233)	(648)
Stock-based compensation expense	2,521	2,046
(Gain) Loss on sale of equipment	(87)	48
Changes in assets and liabilities:		
(Increase) Decrease in accounts receivable	18,026	(32,687)
(Increase) Decrease in insurance receivable	980	(355)
Increase in income tax receivable	(3,621)	(299)
Increase in inventory	(583)	(5,203)
Decrease in prepaid expenses	3,128	2,949
Increase in deferred costs and other assets	(3,090)	(338)
Decrease in accounts payable	(1,740)	(952)
Increase in accrued liabilities	3,867	4,182
Increase in income tax payable	6,058	8,450
Increase in deferred credits and other liabilities	59,673	1,490
Net cash provided by operating activities	103,717	62,010
CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditures	(17,299)	(164,046)
Proceeds from sale of equipment	87	-
Net cash used by investing activities	(17,212)	(164,046)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from debt	-	130,000
Proceeds from exercise of stock options	441	8
Debt issuance costs paid	-	(2,567)
Net cash provided by financing activities	441	127,441
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 86,946	\$ 25,405
CASH AND CASH EQUIVALENTS, at beginning of period	\$ 100,259	\$ 121,092
CASH AND CASH EQUIVALENTS, at end of period	\$ 187,205	\$ 146,497

Non-cash activities		
Increase in insurance receivable related to reduction in value of spare capital equipment and inventory	\$ -	\$ 953
Increase in accounts payable and accrued liabilities related to capital expenditures	\$ 30,597	\$ 6,233

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 STATEMENT OF CHANGES
 IN SHAREHOLDERS' EQUITY

(In thousands)	Common Stock		Paid-in	Retained	Total
	Shares	Amount	Capital	Earnings	Stockholders' Equity
September 30, 2009	64,236	\$ 64,236	\$ 122,457	\$ 915,600	\$ 1,102,293