

ATWOOD OCEANICS INC  
Form 10-Q  
August 08, 2011  
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**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 JUNE 30, 2011**

.. **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)**

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**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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings 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 (§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

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 July 31, 2011: 64,931,339 shares of common stock, \$1 par value

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FORM 10-Q

For the Quarter Ended June 30, 2011

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**Table of Contents****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 June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
<b>REVENUES:</b>				
Contract drilling	\$ 162,147	\$ 166,637	\$ 467,518	\$ 489,949
<b>COSTS AND EXPENSES:</b>				
Contract drilling	53,004	63,139	161,750	186,950
Depreciation	10,395	9,611	27,991	28,967
General and administrative	9,742	9,339	34,480	30,683
Other, net		(822)	(77)	(1,521)
	73,141	81,267	224,144	245,079
<b>OPERATING INCOME</b>	<b>89,006</b>	<b>85,370</b>	<b>243,374</b>	<b>244,870</b>
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense	(1,900)	(698)	(3,037)	(2,010)
Interest income	97	175	592	260
	(1,803)	(523)	(2,445)	(1,750)
<b>INCOME BEFORE INCOME TAXES</b>	<b>87,203</b>	<b>84,847</b>	<b>240,929</b>	<b>243,120</b>
<b>PROVISION FOR INCOME TAXES</b>	<b>11,918</b>	<b>25,853</b>	<b>42,182</b>	<b>50,387</b>
<b>NET INCOME</b>	<b>\$ 75,285</b>	<b>\$ 58,994</b>	<b>\$ 198,747</b>	<b>\$ 192,733</b>
<b>EARNINGS PER COMMON SHARE (NOTE 3):</b>				
Basic	1.16	0.92	3.07	2.99
Diluted	1.15	0.91	3.04	2.96
<b>AVERAGE COMMON SHARES OUTSTANDING (NOTE 3):</b>				
Basic	64,820	64,427	64,689	64,375
Diluted	65,470	65,037	65,355	65,054

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

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

(In thousands)

	June 30, 2011	September 30, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 113,075	\$ 180,523
Accounts receivable	106,879	96,463
Income tax receivable	2,835	16,052
Inventories of materials and supplies	56,404	52,749
Prepaid expenses and deferred costs	1,998	14,207
Total Current Assets	281,191	359,994
<b>NET PROPERTY AND EQUIPMENT</b>	<b>1,813,674</b>	<b>1,343,961</b>
<b>LONG TERM ASSETS:</b>		
Other receivables (See Note 9)	15,799	15,799
Deferred costs and other assets	16,032	4,686
Total Long Term Assets	31,831	20,485
Total Assets	\$ 2,126,696	\$ 1,724,440
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 37,863	\$ 37,192
Accrued liabilities	26,684	25,368
Income tax payable	6,117	26,367
Deferred credits	33,834	4,533
Total Current Liabilities	104,498	93,460
<b>LONG-TERM DEBT</b>	<b>400,000</b>	<b>230,000</b>
<b>LONG TERM LIABILITIES:</b>		
Deferred income taxes	10,028	10,845
Deferred credits	8,857	2,919
Other (See Note 6)	24,629	17,082
Total Long Term Liabilities	43,514	30,846

**COMMITMENTS AND CONTINGENCIES (SEE NOTE 9)****SHAREHOLDERS EQUITY:**

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Preferred stock, no par value; 1,000 shares authorized, none outstanding		
Common stock, \$1 par value, 90,000 shares authorized with 64,781 and 64,443 issued and outstanding at June 30, 2011 and September 30, 2010, respectively	<b>64,846</b>	64,443
Paid-in capital	<b>142,495</b>	133,095
Retained earnings	<b>1,371,343</b>	1,172,596
Total Equity	<b>1,578,684</b>	1,370,134
Total Liabilities and Equity	<b>\$ 2,126,696</b>	\$ 1,724,440

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

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

(In thousands)

	<b>Nine Months Ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 198,747	\$ 192,733
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	27,991	28,967
Amortization of debt issuance costs	1,680	603
Amortization of deferred items	4,084	13,031
Provision for doubtful accounts		(65)
Provision for inventory obsolescence	495	405
Deferred income tax expense (benefit)	(817)	4,876
Share-based compensation expense	5,406	7,639
Other, net	(77)	(1,521)
Changes in assets and liabilities:		
Decrease in accounts receivable	6,203	13,151
Decrease in insurance receivable		514
Decrease (increase) in income tax receivable	13,217	(9,094)
Increase in inventory	(4,150)	(3,880)
Decrease in prepaid expenses	11,989	8,334
Increase in deferred costs and other assets	(8,259)	(7,979)
Increase in accounts payable	2,146	4,571
Increase in accrued liabilities	1,340	979
Decrease in income tax payable	(20,250)	(1,002)
Increase (decrease) in deferred credits and other liabilities	29,730	(22,707)
Net cash provided by operating activities	269,475	229,555
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(499,241)	(136,870)