

TRANSOCEAN INC
Form 10-Q
August 06, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended **June 30, 2008**

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 **333-75899**

TRANSOCEAN INC.

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction)

66-0582307
(I.R.S. Employer)

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of incorporation or organization)
4 Greenway Plaza, Houston, Texas

Identification No.)
77046

(Address of principal executive offices)

(Zip Code)

70 Harbour Drive, Grand Cayman, Cayman Islands

KY1-1003

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:(**713**) **232-7500**

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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 July 25, 2008, 319,029,423 ordinary shares, par value \$0.01 per share, were outstanding.

TRANSOCEAN INC.

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QUARTER ENDED JUNE 30, 2008

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TRANSOCEAN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Operating revenues				
Contract drilling revenues	\$2,587	\$1,360	\$5,227	\$2,633
Contract drilling intangible revenues	190	—	414	—
Other revenues	325	74	571	129
	3,102	1,434	6,212	2,762
Costs and expenses				
Operating and maintenance	1,364	627	2,521	1,195
Depreciation, depletion and amortization	337	101	704	201
General and administrative	45	29	94	55
	1,746	757	3,319	1,451
Gain (loss) from disposal of assets, net	(6)	(1)	(3)	22
Operating income	1,350	676	2,890	1,333
Other income (expense), net				
Interest income	10	5	23	10
Interest expense, net of amounts capitalized	(111)	(33)	(248)	(70)
Other, net	(3)	(5)	(11)	8
	(104)	(33)	(236)	(52)
Income before income taxes and minority interest	1,246	643	2,654	1,281
Income tax expense	140	93	358	178
Minority interest	(1)	1	—	1
Net income	\$1,107	\$549	\$2,296	\$1,102
Earnings per share				
Basic	\$3.48	\$2.73	\$7.22	\$5.45
Diluted	\$3.45	\$2.63	\$7.15	\$5.24
Weighted average shares outstanding				
Basic	318	202	318	202
Diluted	321	210	321	211

See accompanying notes.

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TRANSOCEAN INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Cash and cash equivalents	\$ 976	\$ 1,241
Accounts receivable, net of allowance for doubtful accounts of \$62 and \$50 at June 30, 2008 and December 31, 2007, respectively	2,478	2,370
Materials and supplies, net of allowance for obsolescence of \$23 and \$22 at June 30, 2008 and December 31, 2007, respectively	414	333
Deferred income taxes, net	84	119
Assets held for sale	567	—
Other current assets	212	233
Total current assets	4,731	4,296
Property and equipment	24,661	24,545
Less accumulated depreciation	4,277	3,615
Property and equipment, net	20,384	20,930
Goodwill	8,351	8,219
Other assets	1,011	919
Total assets	\$ 34,477	\$ 34,364
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable	\$ 861	\$ 805
Accrued income taxes	182	99
Debt due within one year	2,145	6,172
Other current liabilities	732	826
Total current liabilities	3,920	7,902
Long-term debt	13,134	11,085
Deferred income taxes, net	734	681
Other long-term liabilities	1,719	2,125
Total long-term liabilities	15,587	13,891
Commitments and contingencies		
Minority interest	5	5
	—	—

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Preference shares, \$0.10 par value; 50,000,000 shares authorized,
none issued and outstanding

Ordinary shares, \$0.01 par value; 800,000,000 shares authorized,
319,044,814 and 317,222,909 shares issued and outstanding at
June 30, 2008 and December 31, 2007, respectively

Additional paid-in capital	3		3	
Accumulated other comprehensive loss	10,907		10,799	
Retained earnings	(47)	(42)
Total shareholders' equity	4,102		1,806	
Total liabilities and shareholders' equity	14,965		12,566	
	\$ 34,477		\$ 34,364	

See accompanying notes.

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TRANSOCEAN INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Three months ended		Six months ended	
	June 30, 2008	2007	June 30, 2008	2007
Cash flows from operating activities				
Net income	\$ 1,107	\$ 549	\$ 2,296	\$ 1,102
Adjustments to reconcile net income to net cash provided by operating activities:				
Amortization of drilling contract intangibles	(190)	—	(414)	—
Depreciation, depletion and amortization	337	101	704	201
Share-based compensation expense	11	9	33	19
(Gain) loss from disposal of assets, net	6	1	3	(22)
Deferred revenue, net	7			