

ROWAN COMPANIES INC
Form 10-Q
August 11, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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 _____

þ1-5491
Commission File
Number

ROWAN COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

75-0759420
(I.R.S. Employer
Identification No.)

2800 Post Oak Boulevard, Suite 5450 Houston, Texas
(Address of principal executive offices)

77056-6189
(Zip Code)

(713) 621-7800
Registrant's telephone number, including area code

Inapplicable
(Former name, former address and former fiscal year, if changed since last report)

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, or a non-accelerated filer. Large accelerated filer Accelerated filer Non-accelerated filer

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

The number of shares of common stock, \$.125 par value, outstanding at July 31, 2008 was 113,003,858.

ROWAN COMPANIES, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ROWAN COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

ASSETS	June 30, 2008	December 31, 2007
	(Unaudited)	
CURRENT ASSETS:		
Cash and cash equivalents	\$ 179,073	\$ 284,458
Receivables - trade and other	491,767	478,017
Inventories - at cost:		
Raw materials and supplies	355,781	343,023
Work-in-progress	165,402	112,924
Finished goods	689	416
Prepaid expenses and other current assets	84,956	61,169
Deferred tax assets - net	22,556	22,960
Total current assets	1,300,224	1,302,967
RESTRICTED CASH	-	50,000
PROPERTY, PLANT AND EQUIPMENT - at cost:		
Drilling equipment	2,892,938	2,798,250
Manufacturing plant and equipment	256,245	244,731
Construction in progress	601,681	373,534
Other property and equipment	121,207	128,312
Total	3,872,071	3,544,827
Less accumulated depreciation and amortization	1,116,143	1,057,016
Property, plant and equipment - net	2,755,928	2,487,811
GOODWILL AND OTHER ASSETS	35,828	34,527
TOTAL	\$ 4,091,980	\$ 3,875,305

See Notes to Unaudited Consolidated Financial Statements.

ROWAN COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	June 30, 2008	December 31, 2007
LIABILITIES AND STOCKHOLDERS' EQUITY	(Unaudited)	
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 64,922	\$ 64,922
Accounts payable - trade	150,353	100,880
Deferred revenues	92,926	110,596
Billings in excess of uncompleted contract costs and estimated profit	37,466	69,867
Accrued compensation and related employee costs	83,334	84,859
Other current liabilities	50,331	64,465
Total current liabilities	479,332	495,589
LONG-TERM DEBT - less current maturities	388,021	420,482
OTHER LIABILITIES	198,014	197,865
DEFERRED INCOME TAXES - net	440,646	412,931
STOCKHOLDERS' EQUITY:		
Preferred stock, \$1.00 par value:		
Authorized 5,000,000 shares issuable in series:		
Series A Preferred Stock, authorized 4,800 shares, none outstanding		
Series B Preferred Stock, authorized 4,800 shares, none outstanding		
Series C Preferred Stock, authorized 9,606 shares, none outstanding		
Series D Preferred Stock, authorized 9,600 shares, none outstanding		
Series E Preferred Stock, authorized 1,194 shares, none outstanding		
Series A Junior Preferred Stock, authorized 1,500,000 shares, none issued		
Common stock, \$.125 par value:		
Authorized 150,000,000 shares; issued 113,053,090 shares at June 30, 2008 and		
111,288,285 shares at December 31, 2007	14,131	13,911
Additional paid-in capital	1,053,736	1,012,214
Retained earnings	1,616,305	1,419,417
Cost of treasury shares: 51,943 shares at June 30, 2008 and 25,139 shares at December 31, 2007	(2,080)	(979)

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Accumulated other comprehensive loss	(96,125)	(96,125)
Total stockholders' equity	2,585,967	2,348,438
TOTAL	\$ 4,091,980	\$ 3,875,305

See Notes to Unaudited Consolidated Financial Statements.

ROWAN
COMPANIES,
INC. AND
SUBSIDIARIES

CONSOLIDATED
STATEMENTS OF
OPERATIONS
(IN THOUSANDS,
EXCEPT PER
SHARE AMOUNTS)

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
REVENUES:				
Drilling operations	\$ 367,380	\$ 353,103	\$ 707,801	\$ 641,357
Manufacturing operations	219,762	153,901	364,830	327,901
Total	587,142	507,004	1,072,631	969,258
COSTS AND EXPENSES:				
Drilling operations (excluding items shown below)	163,238	144,608	319,777	291,424
Manufacturing operations (excluding items shown below)	179,417	130,376	305,581	287,915
Depreciation and amortization	33,461	28,814	66,552	56,458
Selling, general and administrative	30,773	22,931	58,172	45,288
Gain on disposals of property and equipment	(1,507)	(14,621)	(6,882)	(38,722)
Total	405,382	312,108	743,200	642,363
INCOME FROM OPERATIONS	181,760	194,896	329,431	326,895
OTHER INCOME (EXPENSE):				
Interest expense	(4,329)	(6,534)	(9,895)	(13,215)
Less interest capitalized	4,329	1,970	9,168	3,477
Interest income	1,189	5,481	4,364	10,930
Other - net	909	264	1,244	559
Other income - net	2,098	1,181	4,881	1,751
INCOME BEFORE INCOME TAXES	183,858	196,077	334,312	328,646
Provision for income taxes	63,250	67,953	115,079	114,169