

GENERAL GEOPHYSICS CO

Form 6-K

May 15, 2003

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of May, 2003

General Company of Geophysics

(Translation of Registrant's Name Into English)

1, rue Léon Migaux
91341 Massy
France
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(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.)

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FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. We have based these forward-looking statements on our current views and assumptions about future events.

These forward-looking statements are subject to risks, uncertainties and assumptions we have made, including, among other things:

changes in international economic and political conditions, and in particular in oil and gas prices;

our ability to reduce costs;

our ability to finance our operations on acceptable terms;

the timely development and acceptance of our new products and services;

the effects of competition;

political, legal and other developments in foreign countries;

the timing and extent of changes in exchange rates for non-U.S. currencies and interest rates;

the accuracy of our assessment of risks related to acquisitions, projects and contracts, and whether these risks materialize;

our ability to integrate successfully the businesses or assets we acquire;

our ability to sell our seismic data library;

our ability to access the debt and equity markets during the periods covered by the forward-looking statements, which will depend on general market conditions and on our credit ratings for our debt obligations; and

our success at managing the risks of the foregoing.

We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur.

Table of Contents**PART I****Item 1: FINANCIAL STATEMENTS****COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE, S.A.****CONSOLIDATED BALANCE SHEETS**

	March 31, 2003 (unaudited)	December 31, 2002
	(amounts in million of euros)	
ASSETS		
Current assets		
Cash and cash equivalents	100.0	116.6
Trade accounts and notes receivable	195.6	192.3
Inventories and work-in-progress	68.1	65.2
Other current assets	90.4	130.9
	<u>454.1</u>	<u>505.0</u>
Total current assets	454.1	505.0
Long term receivable and other investments	14.5	16.8
Investments in and advances to companies under the equity method	38.5	36.8
Property, plant and equipment, net	251.6	265.0
Goodwill and intangible assets, net	197.9	201.1
	<u>956.6</u>	<u>1,024.7</u>
Total assets	956.6	1,024.7
LIABILITIES AND SHAREHOLDERS EQUITY		
Bank overdrafts	5.7	10.5
Current portion of long-term debt	43.1	58.6
Trade accounts and notes payable	80.7	92.8
Accrued payroll costs	50.7	50.6
Income taxes payable	18.7	21.9
Advance billings to customers	7.7	13.9
Other current liabilities	35.1	38.3
	<u>241.7</u>	<u>286.6</u>
Total current liabilities	241.7	286.6
Long-term debt	238.6	249.2
Other long-term liabilities	41.1	41.1
	<u>279.7</u>	<u>290.3</u>
Total long-term liabilities	279.7	290.3
Minority interest	10.0	10.3
Common stock, 24,498,368 shares authorized 11,680,718 shares with a 2 nominal value issued and outstanding at March 31, 2003; 11,680,718 at December 31, 2002	23.4	23.4
Additional paid-in capital	310.6	310.6
Retained earnings	124.6	107.2
Net income (loss) for the period	(5.5)	17.4
Cumulative translation adjustment	(27.9)	(21.1)
	<u>425.2</u>	<u>437.5</u>
Total shareholders equity	425.2	437.5
Total liabilities and shareholders equity	956.6	1,024.7



See notes to Consolidated Financial Statements

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Table of Contents**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE, S.A.****UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three months ended March 31,	
	2003	2002
	(amounts in million of euros, except per share data)	
Operating revenues	156.7	157.8
Cost of operations	(127.4)	(120.5)
Gross profit	29.3	37.3
Research and development expenses net	(6.3)	(6.9)
Selling, general and administrative expenses	(20.2)	(22.8)
Other revenues (expenses) net	0.6	(0.5)
Operating income (loss)	3.4	7.1
Interest and other financial income and expense net	(8.4)	(6.7)
Exchange gains (losses) net	0.8	(1.5)
Income (loss) from consolidated companies before income taxes	(4.2)	(1.1)
Income taxes	(2.7)	(2.9)
Net income (loss) from consolidated companies	(6.9)	(4.0)
Equity in income (losses) of investees	3.0	0.2
Goodwill amortization	(1.5)	(1.7)
Net income (loss) before minority interest	(5.4)	(5.5)
Minority interest	(0.1)	(0.1)
Net income (loss)	(5.5)	(5.6)
Weighted average number of shares outstanding	11,680,718	11,680,718
Dilutive potential shares from stock-options		
Dilutive weighted average number of shares outstanding	11,680,718	11,680,718
Net income (loss) per share Basic	(0.47)	(0.48)
Diluted	(0.47)	(0.48)

See notes to Consolidated Financial Statements

Table of Contents**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE, S.A.****UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three months ended March 31,	
	2003	2002
	(amounts in million of euros)	
Cash flows from operating activities		
Net income (loss)	(5.5)	(5.6)
Depreciation and amortization	18.0	17.3
Multi-client surveys amortization	30.1	20.3
Net loss (gain) on sale of assets		0.5
Deferred income taxes	0.1	(0.5)
Minority interest	0.1	0.1
Equity in income of investees, net of dividends	(3.0)	(0.2)
Increase (decrease) in other long-term liabilities	1.5	
Other non-cash items	0.9	21.2
Increase/decrease in operating assets and liabilities:		
(Increase) decrease in trade accounts and notes receivable	(6.6)	39.6
(Increase) decrease in inventories and work in progress	(3.8)	(1.3)
(Increase) decrease in other current assets	41.2	(2.3)
Increase (decrease) in trade accounts and notes payable	(11.3)	(12.2)
Increase (decrease) in other current liabilities	(13.5)	(12.7)
Net cash provided by operating activities	48.2	64.2
Cash flows from investing activities		
Purchases of property, plant and equipment ^(a)	(8.9)	(17.1)
Investments in multi-client surveys	(32.3)	(31.5)
Proceeds from sale of assets	0.4	0.5
Cash paid for acquired businesses, net of cash acquired	(1.5)	
Investments in and advances to companies under the equity method		0.1
Decrease (increase) in other investments	2.0	(0.1)
Net cash used in investing activities	(40.3)	(48.1)
Cash flows from financing activities		
Repayment of long-term debt	(19.8)	(46.4)
Issuance of long-term debt	0.8	88.7
Repayment of capital lease obligations	(3.6)	(3.8)
Government research grants received		
Government research grants repaid	(0.2)	(0.1)
Increase (decrease) in bank overdrafts	(4.6)	5.5
Net cash provided by (used in) financing activities	(27.4)	43.9
Effects of exchange rate changes on cash	2.9	(1.3)
Net increase (decrease) in cash and cash equivalents	(16.6)	58.7
Cash and cash equivalents at beginning of year	116.6	56.7
Cash and cash equivalents at end of period	100.0	115.4

(a) not including equipment acquired under capital leases

0.5

See notes to Consolidated Financial Statements

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COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE, S.A.

CONSOLIDATED STATEMENTS OF CHANGES
IN UNAUDITED CONSOLIDATED SHAREHOLDERS' EQUITY

	Number of shares issued	Share capital	Additional paid-in capital	Retained Earnings	Cumulative translation adjustment	Total shareholders' equity
	(in million, except for number of shares)					
Balance at January 1, 2002	11,680,718	23.4	347.5	70.3	21.6	462.8
Capital increase						
Net income				17.4		17.4
Foreign currency translation					(42.7)	(42.7)
Other			(36.9)	36.9		
Balance at December 31, 2002	11,680,718	23.4	310.6	124.6	(21.1)	437.5
Capital increase						
Net income				(5.5)		(5.5)
Foreign currency translation					(6.8)	(6.8)
Other						
Balance at March 31, 2003	11,680,718	23.4	310.6	119.1	(27.9)	425.2

See notes to Consolidated Financial Statements

Table of Contents**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE, S.A.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)****Note 1 Summary of significant accounting policies**

The accounting principles applied by the Group in the preparation of the accompanying financial statements are in conformity with accounting principles generally accepted in France (French GAAP) and comply with the regulation Number 99-02 approved by the decree dated June 22, 1999 of the French *Comité de la Réglementation Comptable* .

French GAAP differ in certain significant respects from accounting principles generally accepted in the United States (U.S. GAAP). Notes 3 describes the principal differences between French GAAP and U.S. GAAP as they relate to CGG and its subsidiaries (the Group), and reconcile net income and shareholders' equity to U.S. GAAP as of and for the period ended March 31, 2003.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Analysis by operating segment

The following tables present revenues by activities and by geographic zone based on the location of the customer, operating income and identifiable assets by operating segment.

The Group principally services the oil and gas exploration and production industry and currently operates in two industry segments:

Services, which consist of (i) land seismic acquisition, (ii) marine seismic acquisition, (iii) other geophysical acquisition, including activities not exclusively linked to oilfield services, and (iv) data processing, and data management;

Products, which consist of the manufacture and sale of equipment involved in seismic data acquisition, such as recording and transmission equipment and vibrators for use in land seismic acquisition, and software development and sales.

Revenues by Activity

The following table sets forth our consolidated operating revenues by activity, and the percentage of total consolidated operating revenues represented thereby, during each of the periods stated:

	Three months ended March 31,			
	2003		2002	
	(in million, except percentages)			
Land SBU	51.4	33%	35.1	22%
Offshore SBU	46.4	29	41.1	26
Processing & Reservoir SBU	27.6	18	30.8	20
Total Services	125.4	80	107.0	68
Products	31.3	20	50.8	32
Total	156.7	100%	157.8	100%

Table of Contents**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE, S.A.*****Revenues by Region (by location of customers)***

The following table sets forth our consolidated operating revenues by region, and the percentage of total consolidated operating revenues represented thereby, during each of the periods stated:

	Three months ended March 31,			
	2003		2002	
	(in million, except percentages)			
Americas	75.9	48%	69.3	44%
Asia-Pacific/Middle East	35.9	23	44.6	28
Europe and CIS	14.9	10	25.3	16
Africa	30.0	19	18.6	12