

CGG VERITAS
Form 6-K
May 10, 2012
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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 2012

Commission File Number 001-14622

Compagnie Générale de Géophysique-Veritas

(Exact name of registrant as specified in its charter)

CGG Veritas

(Translation of registrant's name into English)

Republic of France

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Tour Maine Montparnasse

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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

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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 involve certain risks and uncertainties. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include, among others, the following factors:

the impact of the current economic and credit environment, including on our customers and suppliers;

the social, political and economic risks of our global operations;

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

any write-downs of goodwill on our balance sheet;

our ability to sell our seismic data library;

exposure to foreign exchange rate risk;

our ability to finance our operations on acceptable terms;

the impact of fluctuations in fuel costs on our marine acquisition business;

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

difficulties and costs in protecting intellectual property rights and exposure to infringement claims by others;

ongoing operational risks and our ability to have adequate insurance against such risks;

the level of capital expenditures by the oil and gas industry and changes in demand for seismic products and services;

our clients' ability to unilaterally terminate certain contracts in our backlog;

the effects of competition;

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difficulties in adapting our fleet to changes in the seismic market;

the seasonal nature of our revenues;

the costs of compliance with governmental regulation, including environmental, health and safety laws;

our substantial indebtedness and the restrictive covenants in our debt agreements;

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;

exposure to interest rate risk; and

our success at managing the foregoing risks.

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.

Certain of these risks are described in our annual report on Form 20-F for the year ended December 31, 2011 that we filed with the SEC on April 20, 2012. Our annual report on Form 20-F is available on our website at www.cggveritas.com or on the website maintained by the SEC at www.sec.gov. You may request a copy of our annual report on Form 20-F, which includes our complete audited financial statements, at no charge, by calling our investor relations department at + 33 1 6447 3831, sending an electronic message to invrelparis@cggveritas.com or invrelhouston@cggveritas.com or writing to CGG Veritas – Investor Relations Department, Tour Maine Montparnasse – 33, avenue du Maine 75015 Paris, France.

Table of Contents**Item 1: FINANCIAL STATEMENTS****COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.****UNAUDITED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS**

	Three months ended March 31,	
	2012	2011 (restated)
Amounts in millions of U.S.\$, except per share data or unless indicated		
Operating revenues	786.6	728.6
Other income from ordinary activities	1.2	0.9
Total income from ordinary activities	787.8	729.5
Cost of operations	(649.2)	(632.9)
Gross profit	138.6	96.6
Research and development expenses, net	(21.8)	(20.1)
Marketing and selling expenses	(22.0)	(18.5)
General and administrative expenses	(47.1)	(47.0)
Other revenues (expenses), net	6.1	12.1
Operating income	53.8	23.1
Expenses related to financial debt	(39.5)	(44.9)
Income provided by cash and cash equivalents	0.9	0.5
Cost of financial debt, net	(38.6)	(44.4)
Other financial income (loss)	(3.3)	(14.7)
Income (loss) of consolidated companies before income taxes	11.9	(36.0)
Deferred taxes on currency translation	2.8	5.2
Other income taxes	(21.8)	(8.1)
Total income taxes	(19.0)	(2.9)
Net income (loss) from consolidated companies	(7.1)	(38.9)
Share of income (loss) in companies accounted for under equity method	3.6	2.0
Net income (loss)	(3.5)	(36.9)
Attributable to:		
<i>Owners of CGGVeritas</i>	\$ (8.7)	(40.5)
<i>Owners of CGGVeritas</i> ⁽¹⁾	(6.6)	(29.7)
<i>Non-controlling interests</i>	\$ 5.2	3.6
Weighted average number of shares outstanding	151,864,165	151,561,798
Dilutive potential shares from stock-options ⁽²⁾		
Dilutive potential shares from performance share plan ⁽²⁾		
Dilutive potential shares from convertible bonds ⁽²⁾		
Dilutive weighted average number of shares outstanding adjusted when dilutive	151,864,165	151,561,798
Net income (loss) per share		
Basic	\$ (0.06)	(0.27)
Basic ⁽¹⁾	(0.04)	(0.20)
Diluted ⁽²⁾	\$ (0.06)	(0.27)
Diluted ⁽¹⁾⁽²⁾	(0.04)	(0.20)

(1) *Converted at the average exchange rate of U.S.\$1.318 and U.S.\$1.363 per for the periods ended March 31, 2012 and 2011, respectively*

(2) *As our net result is a loss, stock-options, performance shares plans and convertible bonds have an accretive effect (increase of our earning per share); as a consequence, potential shares linked to those instruments are not taken into account in the dilutive weighted average number of shares, or in the calculation of diluted loss per share.*

See notes to Interim Consolidated Financial Statements

Table of Contents**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.****UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)**

	March 31,	
	2012	2011 (restated)
Amounts in millions of U.S.\$		
Net income (loss) from statements of operations	(3.5)	(36.9)
Gain (loss) on cash flow hedges	5.5	0.9
Income taxes	(2.0)	(0.3)
Net gain (loss) on cash flow hedges	3.5	0.6
Gain (loss) on actuarial changes on pension plan		1.2
Income taxes		(0.4)
Net gain (loss) on actuarial changes on pension plan		0.8
Exchange differences on translation of foreign operations	34.7	34.9
Other comprehensive income (loss) for the period, net of taxes, in companies accounted for under the equity method	1.5	4.1
Total other comprehensive income (loss) for the period, net of taxes	39.7	40.4
Total comprehensive income (loss) for the period	36.2	3.5
<i>Attributable to:</i>		
<i>Owners of CGGVeritas</i>	<i>31.0</i>	<i>(0.3)</i>
<i>Non-controlling interests</i>	<i>5.2</i>	<i>3.8</i>

The components recognized in other comprehensive income are not reclassified to profit or loss in subsequent periods.

Table of Contents**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.****CONSOLIDATED BALANCE SHEET**

	March 31, 2012 (unaudited)	December 31, 2011 (restated)
Amounts in millions of U.S.\$, unless indicated		
ASSETS		
Cash and cash equivalents	462.3	531.4
Trade accounts and notes receivable, net	848.1	876.0
Inventories and work-in-progress, net	386.5	361.5
Income tax assets	115.2	119.4
Other current assets, net	198.8	157.0
Assets held for sale, net	23.4	64.5
Total current assets	2,034.3	2,109.8
Deferred tax assets	186.8	188.8
Investments and other financial assets, net	52.0	24.7
Investments in companies under equity method	158.8	131.7
Property, plant and equipment, net	1,217.3	1,183.2
Intangible assets, net	914.6	865.1
Goodwill, net	2,716.1	2,688.2
Total non-current assets	5,245.6	5,081.7
TOTAL ASSETS	7,279.9	7,191.5
LIABILITIES AND EQUITY		
Bank overdrafts	6.0	6.0
Current portion of financial debt	81.5	64.5
Trade accounts and notes payable	475.5	386.4
Accrued payroll costs	163.7	185.7
Income taxes liability payable	103.0	159.7
Advance billings to customers	45.2	51.0
Provisions – current portion	36.8	34.6
Other current liabilities	288.5	272.3
Total current liabilities	1,200.2	1,160.2
Deferred tax liabilities	104.3	110.8
Provisions – non-current portion	106.0	106.7
Financial debt	1,887.1	1,871.6
Other non-current liabilities	51.9	49.8
Total non-current liabilities	2,149.3	2,138.9
Common stock 252,090,578 shares authorized and 151,871,998 shares with a 0.40 nominal value issued and outstanding at March 31, 2012 and 151,861,932 at December 31, 2011	79.8	79.8
Additional paid-in capital	2,669.5	2,669.3
Retained earnings	1,139.1	1,161.1
Other reserves	(21.6)	(17.0)
Treasury shares	(20.6)	(20.6)
Net income (loss) for the period attributable to the owners of CGGVeritas	(8.7)	(28.2)
Cumulative income and expense recognized directly in equity	(6.5)	(11.5)
Cumulative translation adjustment	7.1	(27.6)
Equity attributable to owners of CGGVeritas SA	3,838.1	3,805.3
Non-controlling interests	92.3	87.1
Total equity	3,930.4	3,892.4
TOTAL LIABILITIES AND EQUITY	7,279.9	7,191.5

See notes to Interim Consolidated Financial Statements

Table of Contents**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.****UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

Amounts in millions of U.S.\$	Three months ended March 31,	
	2012	2011 (restated)
OPERATING		
Net income (loss)	(3.5)	(36.9)
Depreciation and amortization	84.0	84.3
Multi-client surveys depreciation and amortization	81.2	47.1
Depreciation and amortization capitalized to multi-client surveys	(13.2)	(3.9)
Variance on provisions	1.2	(11.6)
Stock based compensation expenses	6.2	5.2
Net gain (loss) on disposal of fixed assets	(5.5)	(11.6)
Equity income (loss) of investees	(3.6)	(2.0)
Dividends received from affiliates		
Other non-cash items	1.8	5.5
Net cash including net cost of financial debt and income tax	148.6	76.1
Less net cost of financial debt	38.6	44.4
Less income tax expense	19.0	2.9
Net cash excluding net cost of financial debt and income tax	206.2	123.4
Income tax paid	(47.0)	(4.6)
Net cash before changes in working capital	159.2	118.8
change in trade accounts and notes receivables	43.2	159.4
change in inventories and work-in-progress	1.9	(21.0)
change in other current assets	(58.0)	(53.8)
change in trade accounts and notes payable	60.4	(40.6)
change in other current liabilities	(28.4)	16.2
Impact of changes in exchange rate on financial items	14.2	19.4
Net cash provided by operating activities	192.5	198.4
INVESTING		
Capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys)	(117.3)	(74.0)
Investment in multi-client surveys, net cash	(75.5)	(40.5)
Proceeds from disposals of tangible and intangible assets	1.0	2.0
Total net proceeds from financial assets		4.4
Acquisition of investments, net of cash and cash equivalents acquired	(49.7)	(0.7)
Impact of changes in consolidation scope		
Variation in loans granted	0.7	0.8
Variation in subsidies for capital expenditures	(1.2)	(0.1)
Variation in other non-current financial assets	(1.6)	(4.9)
Net cash used in investing activities	(243.6)	(113.0)
FINANCING		
Repayment of long-term debts	(3.4)	(499.4)
Total issuance of long-term debts		510.3
Lease repayments	(10.6)	(20.4)
Change in short-term loans		(3.4)
Financial expenses paid	(6.9)	(19.2)
<i>Net proceeds from capital increase</i>		
from shareholders	0.2	2.5
from non-controlling interests of integrated companies		
<i>Dividends paid and share capital reimbursements</i>		
to shareholders		
to non-controlling interests of integrated companies		
Acquisition/disposal from treasury shares		

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Net cash provided by (used in) financing activities	(20.7)	(29.6)
Effects of exchange rates on cash	2.7	7.0
Net increase (decrease) in cash and cash equivalents	(69.1)	62.8
Cash and cash equivalents at beginning of year	531.4	448.8
Cash and cash equivalents at end of period	462.3	511.6

See notes to Interim Consolidated Financial Statements

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Amounts in millions of U.S.\$, except share data	Number of Shares issued	Share capital	Additional paid-in capital	Retained earnings	Other reserves	Treasury shares	Income and expense Recognized directly in equity	Cumulative translation adjustment	Equity attributable to owners of CGGVeritas	Non-controlling interests	Total equity
Balance at January 1, 2011 (restated)	151,506,109	79.6	2,666.3	1,052.6	(21.4)	(20.6)	(4.7)	6.2	3,758.0	77.1	3,835.1
Capital increase	247,166	0.1	2.3						2.4		2.4
Net income				(40.7)					(40.7)	3.8	(36.9)
Cost of share-based payment				5.8						5.8	5.8
Operations on treasury shares											
Net gain (loss) on actuarial changes on pension plan ⁽¹⁾				0.8						0.8	0.8
Net gain (loss) on cash flow hedges ⁽²⁾							4.7		4.7		4.7
Exchange differences on foreign currency translation ⁽³⁾								34.9	34.9		34.9
Other comprehensive income ⁽¹⁾⁺⁽²⁾⁺⁽³⁾				0.8			4.7	34.9	40.4		40.4
Issuance of convertible bonds, net of deferred taxes				80.5					80.5		80.5
Exchange differences on foreign currency translation generated by the mother company					(31.9)				(31.9)		(31.9)
Changes in consolidation scope and other											
Balance at March 31, 2011 (restated)	151,753,275	79.7	2,668.6	1,100.0	(53.3)	(20.6)		41.1	3,814.5	80.9	3,895.4

Amounts in millions of U.S.\$, except share data	Number of Shares issued	Share capital	Additional paid-in capital	Retained earnings	Other reserves	Treasury shares	Income and expense Recognized directly in equity	Cumulative translation adjustment	Equity attributable to owners of CGG	Non-controlling interests	Total equity
Balance at January 1, 2012 (restated)	<i>151,861,932</i>	79.8	2,669.3	1,132.9	(17.0)	(20.6)	(11.5)	(27.6)	3,805.3	87.1	3,892.4
Capital increase	<i>10,066</i>		0.2						0.2		0.2
Net income				(8.7)					(8.7)	5.2	(3.5)
Cost of share-based payment				6.2					6.2		6.2
Operations on treasury shares											
Net gain (loss) on actuarial changes on pension plan ⁽¹⁾											
Net gain (loss) on cash flow hedges ⁽²⁾							5.0		5.0		5.0
Exchange differences on foreign currency translation ⁽³⁾								34.7	34.7		34.7
Other comprehensive income ⁽¹⁾⁺⁽²⁾⁺⁽³⁾							5.0	34.7	39.7		39.7
Issuance of convertible bonds, net of deferred taxes											
Exchange differences on foreign currency translation generated by the mother company										(4.6)	(4.6)