

GENERAL GEOPHYSICS CO

Form 6-K

September 03, 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 September, 2003

General Company of Geophysics

(Translation of Registrant's Name Into English)

**1, rue Léon Migaux
91341 Massy
France
(33) 1 64 47 3000**

(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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COMPAGNIE GENERALE DE GEOPHYSIQUE, S.A.

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.

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COMPAGNIE GENERALE DE GEOPHYSIQUE, S.A.

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

	June 30, 2003 (Unaudited)	December 31, 2002
(in millions of euros)	Notes	
ASSETS		
Cash and cash equivalents	130.9	116.6
Trade accounts and notes receivable	178.5	192.3
Inventories and work-in-progress	68.5	65.2
Other current assets	73.1	130.9
Total current assets	451.0	505.0
Long term receivable and other investments	18.7	16.8
Investments in and advances to companies under the equity method	3 34.9	36.8
Property, plant and equipment, net	238.3	265.0
Goodwill and intangible assets, net	4 200.6	201.1
Total assets	943.5	1,024.7
LIABILITIES AND SHAREHOLDERS EQUITY		
Bank overdrafts	5.5	10.5
Current portion of long-term debt	5 37.3	58.6
Trade accounts and notes payable	77.9	92.8
Accrued payroll costs	49.9	50.6
Income taxes payable	19.9	21.9
Advance billings to customers	14.2	13.9
Other current liabilities	38.7	38.3
Total current liabilities	243.4	286.6
Long-term debt	5 226.2	249.2
Other long-term liabilities	41.0	41.1
Total long-term liabilities	267.2	290.3
Minority interest	9.5	10.3
Common stock, 24,498,368 shares authorized; 11,680,718 shares with a 2 nominal value issued and outstanding as of June 30, 2003 and at December 31, 2002	6 23.4	23.4

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Additional paid-in capital	292.7	310.6
Retained earnings	142.5	107.2
Net income (loss) for the period	1.0	17.4
Cumulative translation adjustment	(36.2)	(21.1)
	<u> </u>	<u> </u>
Total shareholders' equity	423.4	437.5
	<u> </u>	<u> </u>
Total liabilities and shareholders' equity	943.5	1,024.7
	<u> </u>	<u> </u>

See notes to Consolidated Financial Statements

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COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE, S.A.

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Notes	Six months ended June 30,		Three months ended June 30,	
		2003	2002	2003	2002
(in millions of euros, except per share data)					
Operating revenues	9	318.9	336.3	162.2	178.5
Cost of operations		(260.4)	(259.6)	(133.0)	(139.1)
Gross profit		58.5	76.7	29.2	39.4
Research and development expenses net		(12.5)	(14.1)	(6.2)	(7.2)
Selling, general and administrative expenses		(38.1)	(42.9)	(17.9)	(20.1)
Other revenues (expenses) net	10	4.0	(2.8)	3.4	(2.3)
Operating income (loss)	9	11.9	16.9	8.5	9.8
Interest and other financial income and expense net		(12.2)	(14.3)	(3.8)	(7.6)
Exchange gains (losses) net		6.1	4.7	5.3	6.2
Income (loss) from consolidated companies before income taxes		5.8	7.3	10.0	8.4
Income taxes	11	(6.7)	(4.8)	(4.0)	(1.9)
Net income (loss) from consolidated companies		(0.9)	2.5	6.0	6.5
Equity in income (losses) of investees		4.9	1.2	1.9	1.0
Goodwill amortization		(3.0)	(3.3)	(1.5)	(1.6)
Net income (loss) before minority interest		1.0	0.4	6.4	5.9
Minority interest			(0.1)	0.1	
Net income (loss)		1.0	0.3	6.5	5.9
Weighted average number of shares outstanding		11,680,718	11,680,718	11,680,718	11,680,718
Dilutive potential shares from stock-options		169,900	(a)	169,900	(a)

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Dilutive weighted average number of shares outstanding	<u>11,850,618</u>	<u>11,680,718</u>	<u>11,850,618</u>	<u>11,680,718</u>
Net income (loss) per share				
Basic	0.09	0.03	0.56	0.51
Diluted	0.08	0.03	0.55	0.51

(a) Effects of stock option anti-dilutive

See notes to Consolidated Financial Statements

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COMPAGNIE GENERALE DE GEOPHYSIQUE, S.A.

COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE, S.A.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended		December 31,
	June 30,		
	2003	2002	2002
(in millions of euros)			
Cash flows from operating activities			
Net income (loss)	1.0	0.3	17.4
Depreciation and amortization	35.2	34.5	134.9
Multi-client surveys amortization	55.5	39.2	87.0
Net loss (gain) on sale of assets	(3.5)	0.8	(4.3)
Deferred income taxes	(0.9)	0.1	2.0
Minority interest		0.1	2.2
Equity in income of investees, net of dividends	0.3	1.7	(2.9)
Increase (decrease) in other long-term liabilities	(0.4)	1.5	5.9
Other non-cash items	(11.9)	(0.2)	(19.0)
Increase/decrease in operating assets and liabilities:			
(Increase) decrease in trade accounts and notes receivable	7.5	32.0	60.5
(Increase) decrease in inventories and work in progress	(5.0)	4.2	16.7
(Increase) decrease in other current assets	57.0	(14.3)	(77.1)
Increase (decrease) in trade accounts and notes payable	(13.6)	(13.9)	0.6
Increase (decrease) in other current liabilities	(2.5)	(12.0)	(4.9)
Net cash provided by operating activities	118.7	74.0	219.0
Cash flows from investing activities			
Purchases of property, plant and equipment (a)	(14.4)	(62.1)	(122.0)
Investments in multi-client surveys	(66.7)	(60.4)	(130.1)
Proceeds from sale of assets	4.0	1.9	22.2
Cash paid for acquired businesses, net of cash acquired	(2.0)		(7.4)
Investments in and advances to companies under the equity method	(0.6)	0.1	(1.2)
Decrease (increase) in other investments	2.0	(0.1)	(2.8)
Net cash used in investing activities	(77.7)	(120.6)	(241.3)
Cash flows from financing activities			
Repayment of long-term debt	(22.2)	(49.1)	(53.6)
Issuance of long-term debt	0.1	97.8	131.6
Repayment of capital lease obligations	(6.6)	(6.7)	(14.0)
Government research grants received			1.1
Government research grants repaid	(0.3)	(0.2)	(1.2)
Increase (decrease) in bank overdrafts	(4.5)	8.6	5.0
Net proceeds from capital increase			
Contribution from minority shareholders			
Net cash provided by (used in) financing activities	(33.5)	50.4	68.9