

CGG VERITAS  
Form 6-K  
May 11, 2007

Table of Contents

**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**  
**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**

**Tour Maine Montparnasse**  
**33, avenue du Maine**  
**75015 Paris**  
**France**  
**(33) 1 64 47 45 00**

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 -  
\_\_\_\_\_.)

---

**TABLE OF CONTENTS**

<u>FORWARD-LOOKING STATEMENTS</u>	3
<u>Item 1 FINANCIAL STATEMENTS</u>	4
<u>Unaudited Interim Consolidated Balance Sheets as of March 31, 2007 and December 31, 2006</u>	4
<u>Unaudited Interim Consolidated Statements of Operations for the three months ended March 31, 2007 and 2006</u>	5
<u>Unaudited Interim Consolidated Statements of Cash Flows for the three months ended March 31, 2007 and 2006</u>	6
<u>Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity during the year ended December 31, 2006 and the three months ended March 31, 2007</u>	7
<u>Notes to Unaudited Interim Consolidated Financial Statements</u>	9
<u>Item 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	16
<u>Item 3 CONTROLS AND PROCEDURES</u>	27

**Table of Contents**

**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 level of oil and gas company spending, specially exploration spending;

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

technological advances to image the subsurface and technological obsolescence;

competition in our industry;

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

the ability to finance operations on acceptable terms;

possible difficulties and delays in achieving synergies and cost savings in connection with merger with Veritas DGC Inc.;

exposure to the credit risk of customers;

the complexity of products sold;

changes to existing regulations or technical standards;

existing and future litigation;

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

revenue fluctuations that are beyond our control;

the costs and risks associated with pension and post-retirement benefit obligations;

compliance with environmental, health and safety laws; and

our ability to attract and retain key employees.

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

	March 31, 2007 (unaudited) euros	March 31, 2007 (unaudited) U.S.\$ (1)	December 31, 2006 euros	December 31, 2006 U.S.\$ (2)
<b>Historical data</b>				
<b>amounts in millions of</b>				
<b>ASSETS</b>				
Cash and cash equivalents	382.8	509.8	251.8	331.6
Trade accounts and notes receivable, net	554.3	738.2	301.1	396.6
Inventories and work-in-progress, net	223.4	297.5	188.7	248.5
Income tax assets	18.0	24.0	18.0	23.7
Other current assets, net	83.7	111.5	63.1	83.1
Assets held for sale			0.4	0.5
<b>Total current assets</b>	<b>1,262.2</b>	<b>1,681.0</b>	<b>823.1</b>	<b>1,084.0</b>
Deferred tax assets	102.0	135.8	43.4	57.2
Investments and other financial assets, net	32.9	43.8	19.2	25.2
Investments in companies under equity method	41.3	55.0	46.2	60.9
Property, plant and equipment, net	658.8	877.4	455.2	599.5
Intangible assets, net	665.6	886.5	127.6	168.1
Goodwill	2,083.0	2,774.2	267.4	352.2
<b>Total non-current assets</b>	<b>3,583.6</b>	<b>4,772.7</b>	<b>959.0</b>	<b>1,263.1</b>
<b>TOTAL ASSETS</b>	<b>4,845.8</b>	<b>6,453.7</b>	<b>1,782.1</b>	<b>2,347.1</b>
<b>LIABILITIES AND SHAREHOLDERS</b>				
<b>EQUITY</b>				
Bank overdrafts	21.8	29.0	6.5	8.6
Current portion of financial debt	55.7	74.2	38.1	50.2
Trade accounts and notes payable	263.6	351.1	161.2	212.4
Accrued payroll costs	96.6	128.7	74.4	97.9
Income taxes liability	57.8	77.0	37.7	49.7
Advance billings to customers	54.2	72.1	45.9	60.4
Provisions current portion	9.8	13.1	10.4	13.7
Other current liabilities	87.1	115.9	31.3	41.2
<b>Total current liabilities</b>	<b>646.6</b>	<b>861.1</b>	<b>405.5</b>	<b>534.1</b>
Deferred tax liabilities	182.3	242.8	66.5	87.6
Provisions non-current portion	42.8	57.0	25.5	33.6
Financial debt	1,517.8	2,021.4	361.0	475.5
Other non-current liabilities	24.9	33.2	23.7	31.2
<b>Total non-current liabilities</b>	<b>1,767.8</b>	<b>2,354.4</b>	<b>476.7</b>	<b>627.9</b>
Common stock, 46 371 386 shares authorized 27,253,172 shares with a 2 nominal value issued and outstanding at March 31, 2007; 17,597,888 at December 31, 2006	54.5	72.6	35.2	46.4
Additional paid-in capital	1,814.3	2,416.4	394.9	520.0
Retained earnings	530.0	705.8	320.6	422.4

## Edgar Filing: CGG VERITAS - Form 6-K

Treasury shares	(0.8)	(1.2)	3.0	3.9
Net income (loss) for the period Attributable to the Group	67.4	89.8	157.1	206.8
Income and expense recognized directly in equity	3.2	4.4	4.8	6.3
Cumulative translation adjustment	(61.4)	(81.8)	(38.6)	(50.8)
<b>Total shareholders equity</b>	<b>2,407.2</b>	<b>3,206.0</b>	<b>877.0</b>	<b>1,155.0</b>
Minority interests	24.2	32.2	22.9	30.1
<b>Total shareholders equity and minority interests</b>	<b>2,431.4</b>	<b>3,238.2</b>	<b>899.9</b>	<b>1,185.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>4,845.8</b>	<b>6,453.7</b>	<b>1,782.1</b>	<b>2,347.1</b>

(1) Conversion at the closing exchange rate of 1.332 U.S. dollar per euro

(2) Conversion at the closing exchange rate of 1.317 U.S. dollar per euro

See notes to Consolidated Financial Statements

- 4 -

---

**Table of Contents**

**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE VERITAS, S.A.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

In order to provide comparable information including Veritas operations, proforma financial information is presented for 2006, as if Veritas was acquired on January 1, 2006. The merger of CGG and Veritas was completed on January 12, 2007.

	Three months ended March 31,					
	2007	2007	2006	2006	2006	2006
	(unaudited) euros Historical data	(unaudited) U.S. \$ (1) Historical data	(unaudited) euros Historical data	(unaudited) U.S. \$ (2) Historical data	(unaudited) euros Proforma data	(unaudited) U.S. \$ (2) Proforma data
<b>except per share data, amounts in millions of</b>						
<b>Operating revenues</b>	<b>592.2</b>	<b>777.3</b>	<b>322.1</b>	<b>384.1</b>	<b>536.1</b>	<b>639.4</b>
Other income from ordinary activities	0.2	0.3	0.4	0.5	0.4	0.4
<b>Total income from ordinary activities</b>	<b>592.4</b>	<b>777.6</b>	<b>322.5</b>	<b>384.6</b>	<b>536.5</b>	<b>639.8</b>
Cost of operations	(386.0)	(506.7)	(202.1)	(241.0)	(369.2)	(440.3)
<b>Gross profit</b>	<b>206.4</b>	<b>270.9</b>	<b>120.4</b>	<b>143.6</b>	<b>167.3</b>	<b>199.5</b>
Research and development expenses net	(14.8)	(19.4)	(8.8)	(10.5)	(12.1)	(14.4)
Selling, general and administrative expenses	(51.7)	(68.0)	(28.6)	(34.1)	(42.7)	(50.9)
Other revenues (expenses) net	3.6	4.8	1.5	1.9	1.4	1.6
<b>Operating income</b>	<b>143.5</b>	<b>188.3</b>	<b>84.5</b>	<b>100.8</b>	<b>113.9</b>	<b>135.8</b>
Expenses related to financial debt	(38.2)	(50.2)	(8.3)	(9.9)	(36.0)	(42.9)
Income provided by cash and cash equivalents	4.4	5.8	1.3	1.5	3.6	4.3
<b>Cost of financial debt, net</b>	<b>(33.8)</b>	<b>(44.4)</b>	<b>(7.0)</b>	<b>(8.4)</b>	<b>(32.4)</b>	<b>(38.6)</b>
Variance on derivative on convertible bonds			(12.4)	(14.8)	(12.4)	(14.8)
Other financial income (loss)	(0.2)	(0.2)	(1.7)	(2.0)	(1.4)	(1.6)
<b>Income (loss) of consolidated companies before income taxes</b>	<b>109.5</b>	<b>143.7</b>	<b>63.4</b>	<b>75.6</b>	<b>67.7</b>	<b>80.8</b>
Income taxes	(41.0)	(53.8)	(19.6)	(23.3)	(44.0)	(52.5)
<b>Net income from consolidated companies</b>	<b>68.5</b>	<b>89.9</b>	<b>43.8</b>	<b>52.2</b>	<b>23.8</b>	<b>28.3</b>
Equity in income (losses) of investees	0.5	0.6	2.7	3.3	2.7	3.3
<b>Net income (loss)</b>	<b>69.0</b>	<b>90.5</b>	<b>46.5</b>	<b>55.5</b>	<b>26.5</b>	<b>31.6</b>

*Attributable to :*

<i>Shareholders</i>	67.4	88.5	46.2	55.1	26.2	31.2
<i>Minority interest</i>	1.6	2.0	0.3	0.4	0.3	0.4

Weighted average number of shares outstanding	25,494,720	25,494,720	17,118,524	17,118,524	25,139,986	25,139,986
Dilutive potential shares from stock-options	312,855	312,855	359,122	359,122	359,122	359,122
Dilutive potential shares from free shares	110,813	110,813				
Dilutive potential shares from convertible bonds (3)			252,500	252,500	252,500	252,500
Adjusted weighted average number of shares and assumed option exercises when dilutive (3)	25,918,388	25,918,388	17,477,646	17,477,646	25,499,108	25,499,108

**Net earning per share attributable to shareholders**

Basic	2.65	3.47	2.70	3.22	1.04	1.24
Diluted	2.60	3.41	2.64	3.11	1.02	1.21

(1) Conversion at the average exchange rate of 1.313 U.S. dollar per euro

(2) Conversion at the average exchange rate of 1.193 U.S. dollar per euro

(3) For the period ended March 31, 2006, the effect of convertible bonds was anti-dilutive.

See notes to Consolidated Financial Statements

- 5 -



**Table of Contents**

**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE VERITAS, S.A.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>Historical data amounts in millions of euros</b>	<b>Three months ended March 31,</b>			
	<b>2007 (unaudited) euros</b>	<b>2007 (unaudited) U.S.\$ (1)</b>	<b>2006 (unaudited) euros</b>	<b>2006 (unaudited) U.S.\$ (2)</b>
<b>OPERATING</b>				
Net income (loss)	69.0	90.6	46.5	55.5
Depreciation and amortization	42.7	56.0	24.1	28.8
Multi-client surveys amortization	68.9	90.4	19.0	22.7
Variance on provisions	3.1	4.1	3.3	3.9
Expense & income calculated on stock-option	2.8	3.7	0.1	0.1
Net gain on disposal of fixed assets	0.4	0.5	(1.5)	(1.8)
Equity in income of affiliates	(0.5)	(0.7)	(2.7)	(3.2)
Dividends received from affiliates	5.2	6.8	4.1	4.9
Other non-cash items	6.8	8.9	13.1	15.6
<b>Net cash including net cost of financial debt and income taxes</b>	<b>198.4</b>	<b>260.4</b>	<b>106.0</b>	<b>126.5</b>
Less net cost of financial debt	33.8	44.4	7.0	8.4
Less income taxes expenses	41.0	53.8	19.6	23.4
<b>Net cash excluding net cost of financial debt and income taxes</b>	<b>273.2</b>	<b>358.6</b>	<b>132.6</b>	<b>158.2</b>
Income taxes paid	(24.2)	(31.8)	(16.1)	(19.2)
<b>Net cash before changes in working capital</b>	<b>249.0</b>	<b>326.8</b>	<b>116.5</b>	<b>139.0</b>
change in trade accounts and notes receivables	(63.5)	(83.3)	0.3	0.4
change in inventories and work-in-progress	(15.4)	(20.2)	(16.0)	(19.1)
change in other current assets	(8.2)	(10.8)	3.8	4.5
change in trade accounts and notes payable	(28.0)	(36.8)	(30.0)	(35.8)
change in other current liabilities	(0.7)	(0.9)	10.8	12.9
Impact of changes in exchange rate	(1.2)	(1.6)	(3.2)	(3.8)
<b>Net cash provided by operating activity</b>	<b>132.0</b>	<b>173.3</b>	<b>82.2</b>	<b>98.1</b>
<b>INVESTING</b>				
Total purchases of tangible and intangible assets (included variation of fixed assets suppliers))	(71.9)	(94.4)	(56.0)	(66.8)
Increase in multi-client surveys	(61.8)	(81.1)	(10.4)	(12.4)
Proceeds from disposals tangible and intangible	22.1	29.0	5.4	6.4
Total net acquisition of Investments	(2,504.7)	(3,287.5)		
Variation in subsidies for capital expenditures	(0.2)	(0.3)		
Variation in other financial assets	12.0	15.8	0.1	0.1
<b>Net cash from investing activities</b>	<b>(2,604.5)</b>	<b>(3,418.4)</b>	<b>(60.9)</b>	<b>(72.7)</b>
<b>FINANCING</b>				
Repayment of long-term debts	(549.2)	(720.8)	(120.0)	(143.0)
Total issuance of long-term debts	1,756.8	2,305.8	139.8	166.8
Reimbursement on leasing	(3.6)	(4.7)	(10.1)	(12.0)
Change in short-term loans	15.2	20.0	3.0	3.6
Financial interest paid	(45.5)	(59.7)	(1.1)	(1.3)
<i>Net proceeds from capital increase</i> from shareholders	1,438.8	1,888.4	3.8	4.5

Buying & sales of own shares	(3.8)	(5.0)	3.1	3.7
<b>Net cash provided by financial activities</b>	<b>2,608.7</b>	<b>3,424.0</b>	<b>18.6</b>	<b>22.2</b>
Effects of exchange rate changes on cash	(5.2)	(6.8)	(2.5)	(3.0)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>131.0</b>	<b>171.9</b>	<b>37.4</b>	<b>44.6</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>251.8</b>	<b>330.5</b>	<b>112.4</b>	<b>134.1</b>
<b>Cash and cash equivalents at end of period</b>	<b>382.8</b>	<b>502.4</b>	<b>149.8</b>	<b>178.7</b>

(1) Conversion at the average exchange rate of 1.313 U.S. dollar per euro

(2) Conversion at the average exchange rate of 1.193 U.S. dollar per euro

See notes to Consolidated Financial Statements

- 6 -

---

**Table of Contents**

**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE VERITAS, S.A.  
CONSOLIDATED STATEMENTS OF CHANGES  
IN UNAUDITED CONSOLIDATED SHAREHOLDERS' EQUITY  
(UNAUDITED)**

	Number of shares issued	Share capital	Additional paid-in capital	Retained earnings	Treasury shares	Income and expense recognized directly in equity	Cumulative translation adjustment	Total shareholders' equity	Minority interest	Total shareholders equity and minority interest
<b>Balance at January 01, 2006</b>	<b>17,081,680</b>	<b>34.2</b>	<b>372.3</b>	<b>283.2</b>	<b>(1.1)</b>	<b>(1.4)</b>	<b>11.3</b>	<b>698.5</b>	<b>11.7</b>	<b>710.2</b>
Capital increase	241,294	0.5	11.9					12.4		12.4
Conversion of convertible bonds	274,914	0.5	10.7	31.0				42.2		42.2
Net income				157.1				157.1	1.6	158.7
Cost of share-based payment				7.4				7.4	(0.3)	7.1
Operations on treasury shares					4.1			4.1		4.1
<i>Actuarial gains and losses of pension plans (1) (a)</i>				(1.0)				(1.0)		(1.0)
<i>Financial instruments: change in fair value and transfer to income statement(2) (a)</i>										