

Geokinetics Inc. has filed for bankruptcy protection... Let's see what the reporting history shows!

Geokinetics Inc.

Phone: (713) 850-7600 Suite 800, 1500 CityWest Blvd. HOUSTON, TX 77042 United States Ticker: [GEOKQ](#)

Filed for Bankruptcy on 3/10/2013
Case #13-10472, filed in the U.S. Bankruptcy Court for the District of Delaware

Latest Financial Statements as of 9/30/2012

Business Summary

Geokinetics Inc. is a full-service, worldwide provider of seismic data acquisition, processing and integrated reservoir geosciences services to the oil and natural gas industry. The Company also provides clients access, via licenses, to its multi-client seismic data library. The Company operates in two segments: seismic data acquisition and seismic data processing and integrated reservoir geosciences services. The Company further break down its seismic data acquisition segment into three reporting units, such as North America proprietary seismic data acquisition, international proprietary seismic data acquisition and the Company's multi-client seismic data acquisition business. As of December 31, 2011, the Company had the capacity to operate up to 25 seismic crews with approximately 200,000 channels of seismic data acquisition equipment worldwide.

(Source: 10-K)

Employees: 7,000 (as of 12/31/2011)

Federal Tax Id: 941690082

Credit Scores

FRISK® Score	2		3/10/2013
Probability of bankruptcy range: 5.05% - 10.34%			
Z" Score	-5.56	(Fiscal danger)	9/30/2012
CRMZ Score	-12.08	(Fiscal danger)	9/30/2012

Auditor Information

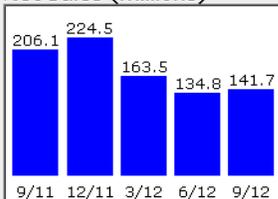
Last Audit: 12/31/2011
Auditors: UHY LLP
Opinion: **Unqualified with Explanation**

DBT Index

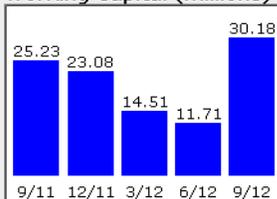
11/2012	12/2012	1/2013
8	8	8

(Includes DBT Indexes from Subsidiaries)

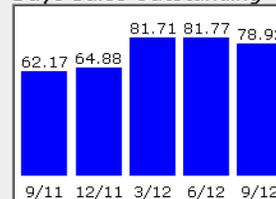
Net Sales (millions)



Working Capital (millions)



Days Sales Outstanding



Third Quarter and Year-to-Date Results

Sales for the 3 months ended 9/30/2012 decreased 31.23% to \$141.69 million from last year's comparable period amount of \$206.05 million. Sales for the 9 months ended 9/30/2012 decreased 18.41% to \$439.98 million from \$539.24 million for the same period last year.

Gross profit margin decreased 23.22% for the period to \$44.72 million (31.56% of revenues) from \$58.24 million (28.27% of revenues) for the same period last year. Gross profit margin increased 2.00% for the year-to-date period to \$122.65 million (27.88% of revenues) from \$120.24 million (22.30% of revenues) for the comparable 9 month period last year.

Selling, general and administrative expenses for the period decreased 41.15% to \$12.55 million compared with \$21.32 million for the same period last year. Selling, general and administrative expenses for the 9 months ended 9/30/2012 decreased 9.45% to \$50.19 million from \$55.42 million for the same period last year.

Operating income for the period increased 117.32% to \$9.02 million compared with operating income of (\$52.10) million for the same period last year. Operating income for the year-to-date period increased 84.08% to (\$16.17) million compared with operating income of (\$101.54) million for the equivalent 9 months last year.

Net loss for the period decreased 85.03% to (\$6.30) million compared with net loss of (\$42.11) million for the same period last year. Net loss for the year-to-date period decreased 48.34% to (\$56.99) million compared with net loss of (\$110.31) million for the equivalent 9 months last year.

Net cash from operating activities was \$24.39 million for the 9 month period, compared to net cash from operating activities of \$59.58 million for last year's comparable period.

Working capital at 9/30/2012 of \$30.18 million increased 30.76% from the prior year end's balance of \$23.08 million, and increased 19.59% from \$25.23 million at the end of last year's same period.

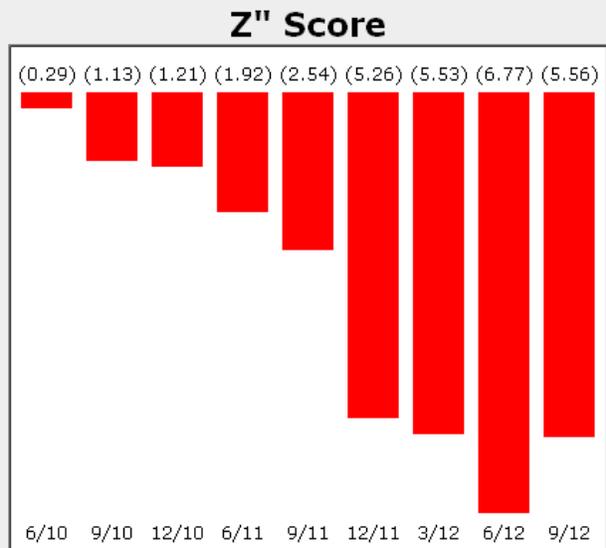
Accounts payable decreased by \$43.31 million for the year-to-date period, compared to a \$13.28 million increase in the prior year's comparable period.

CreditRiskMonitor

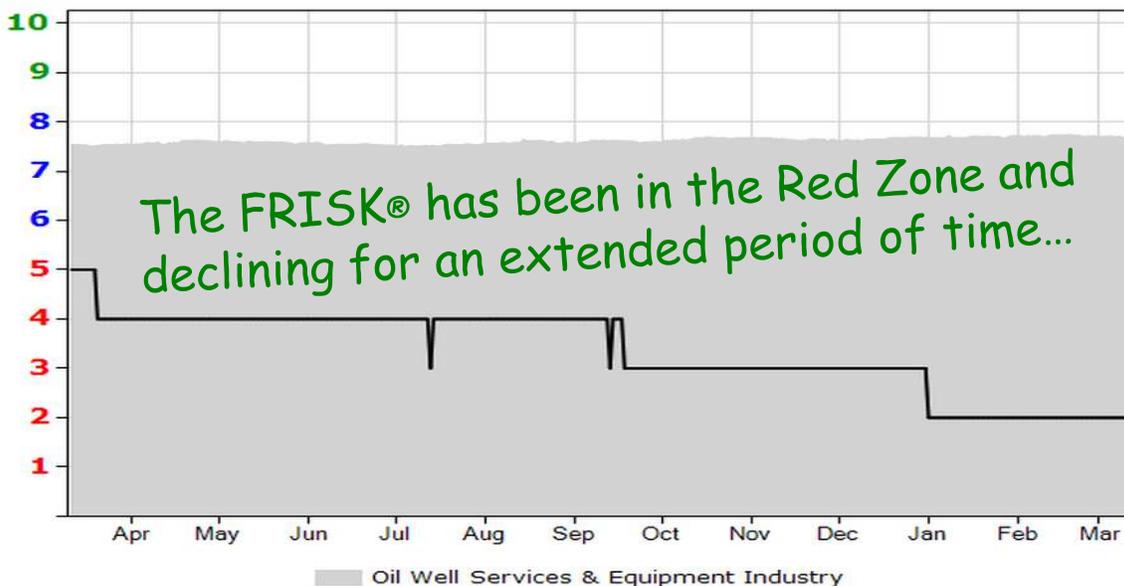
(845) 230-3000
info@crmz.com

The Altman Z" has been signaling trouble since 2010...

LEGEND:
 Financially sound: 2.60 or higher
 Neutral: 1.10 to 2.60
 Fiscal danger: less than 1.10



The current FRISK® score is 2 (probability of bankruptcy* 5.05% - 10.34%), below its 13-month average and below its industry average.



The FRISK® score is reported on a 1 to 10 scale:

	FRISK®	Probability of bankruptcy within 12 months	
		From	To
Best	10	0.00%	0.11%
	9	0.11%	0.23%
	8	0.23%	0.38%
	7	0.38%	0.54%
	6	0.54%	1.05%
	5	1.05%	1.74%
	4	1.74%	3.15%
	3	3.15%	5.05%
	2	5.05%	10.34%
Worst	1	10.34%	50.00%

CreditRiskMonitor

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...plus, looking at our News Alerts you would have seen...

All debts under credit agreement become due

Reached agreement with note holders for an extension on the vote of whether or not to proceed with a Joint Chapter 11 Filing

Enters into restructuring support agreement with creditors

Enters into discussions regarding a restructuring

Q3 Net Loss of \$6.3MM

#	Date	Source	Headline
1	3/12/2013	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Bankruptcy or Receivership, Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligat</u>
2	3/11/2013	CRMZ News Service	<u>Geokinetics Files Voluntary Plan of Reorganization</u>
3	2/7/2013	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>
4	2/7/2013	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Regulation FD Disclosure, Financial Statements and Exhibits</u>
5	1/17/2013	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits</u>
6	12/27/2012	CRMZ News Service	<u>GEOKINETICS INC: a Form 25-NSE has been Filed with the SEC</u>
7	12/21/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing, Financial Statements and Exhibits</u>
8	12/17/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Other Events</u>
9	12/12/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Change in Directors or Principal Officers, Financial Statements and Exhibits</u>
10	11/21/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Regulation FD Disclosure</u>
11	11/17/2012	CRMZ News Service	<u>Geokinetics Inc. -- updated financials available</u>
12	11/13/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Change in Directors or Principal Officers, Regulation FD Disclosure, Financial Statements and Exhibits</u>
13	11/8/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>
14	11/8/2012	CRMZ News Service	<u>GEOKINETICS INC: a Form 10-Q has been Filed with the SEC</u>
15	11/7/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Regulation FD Disclosure, Financial Statements and Exhibits</u>
16	10/29/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing, Financial Statements and Exhibits</u>
17	10/4/2012	CRMZ News Service	<u>GEOKINETICS INC FILES (8-K) Disclosing Submission of Matters to a Vote of Security Holders, Other Events, Financial Statements and Exhibits</u>

Files Chapter 11

The company begins a solicitation of acceptances of a prepackaged Joint Plan of Reorganization

Stock removed from NYSE

Non-compliance with NYSE listing standards

...need more depth? Look at the Performance Ratios

Unprofitable...

Period Ended	3 mos 9/30/2012	3 mos 6/30/2012	3 mos 3/31/2012	3 mos 12/31/2011	3 mos 9/30/2011
Net Sales \$	\$141,694	\$134,787	\$163,498	\$224,492	\$206,052
% change	5.12%	-17.56%	-27.17%	8.95%	n/a
Gross Margin \$	\$44,716	\$41,372	\$36,559	\$40,215	\$58,241
% change	8.08%	13.17%	-9.09%	-30.95%	n/a
% of sales	31.56%	30.69%	22.36%	17.91%	28.27%
change as % of incremental sales	48.41%	n/m	n/m	-97.75%	n/a
SG&A \$	\$12,548	\$20,392	\$17,248	\$20,184	\$21,321
% change	-38.47%	18.23%	-14.55%	-5.33%	n/a
% of sales	8.86%	15.13%	10.55%	8.99%	10.35%
change as % of incremental sales	-113.57%	n/m	n/m	-6.17%	n/a
Operating margin \$	\$9,023	(\$11,159)	(\$14,031)	(\$106,762)	(\$52,102)
% change	180.86%	20.47%	86.86%	-104.91%	n/a
% of sales	6.37%	-8.28%	-8.58%	-47.56%	-25.29%
change as % of incremental sales	292.20%	n/m	n/m	-296.42%	n/a
EBITDA \$	\$32,367	\$21,133	\$21,661	(\$71,794)	\$2,642
% change	53.16%	-2.44%	130.17%	-2,817.41%	n/a
% of sales	22.84%	15.68%	13.25%	-31.98%	1.28%
change as % of incremental sales	162.65%	n/m	n/m	-403.67%	n/a
Pre-tax income \$	(\$2,668)	(\$21,264)	(\$22,284)	(\$114,411)	(\$40,223)
% change	87.45%	4.58%	80.52%	-184.44%	n/a
% of sales	-1.88%	-15.78%	-13.63%	-50.96%	-19.52%
change as % of incremental sales	269.23%	n/m	n/m	-402.32%	n/a
Net income (loss) \$	(\$6,302)	(\$27,466)	(\$23,224)	(\$111,741)	(\$42,105)
% change	77.06%	-18.27%	79.22%	-165.39%	n/a
% of sales	-4.45%	-20.38%	-14.20%	-49.78%	-20.43%
change as % of incremental sales	306.41%	n/m	n/m	-377.64%	n/a
Tax expense \$	\$3,634	\$6,202	\$940	(\$2,670)	\$1,882
Effective tax rate	-136.21%	-29.17%	-4.22%	2.33%	-4.68%
Depreciation expense \$	\$17,245	\$17,839	\$17,742	\$14,949	\$17,022
% of sales	12.17%	13.24%	10.85%	6.66%	8.26%
% of capital expenses	177.02%	97.45%	86.55%	131.88%	59.98%
% of PP&E, net (annualized)	38.96%	36.62%	34.15%	27.21%	29.30%
Capital expenditures \$	\$9,742	\$18,306	\$20,500	\$11,335	\$28,379
% change	-46.78%	-10.70%	80.86%	-60.06%	n/a
% of PP&E, net (annualized)	22.01%	37.58%	39.46%	20.63%	48.85%
% of working capital (annualized)	186.07%	558.64%	436.37%	187.71%	433.21%
Interest coverage ratio	2.53	1.64	1.69	(5.72)	0.24
% change	54.05%	-3.02%	129.65%	-2,515.08%	n/a
Free cash flow \$	(\$11,859)	(\$13,482)	\$1,184	(\$11,445)	(\$13,464)
% change	12.04%	-1,238.68%	110.35%	15.00%	n/a
Source:	10-Q 11/8/2012	10-Q 8/9/2012	10-Q 5/10/2012	10-K 3/23/2012	10-Q 11/14/2011

Negative cash flow...

...need more depth? Look at the Leverage Ratios

Negative stockholders' equity and tangible net worth...

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2012	6/30/2012	3/31/2012	12/31/2011	9/30/2011
Total debt \$	\$413,195	\$411,435	\$412,227	\$407,936	\$404,086
% change	0.43%	-0.19%	1.05%	0.95%	1.06%
Stockholders' equity \$	(\$175,079)	(\$169,250)	(\$142,240)	(\$119,506)	(\$8,370)
% change	-3.44%	-18.99%	-19.02%	-1,327.79%	-128.78%
Tangible net worth \$	(\$206,166)	(\$197,741)	(\$171,277)	(\$161,018)	(\$150,897)
% change	-4.26%	-15.45%	-6.37%	-6.71%	6.80%
Total assets \$	\$415,713	\$410,846	\$478,005	\$514,172	\$650,308
% change	1.18%	-14.05%	-7.03%	-20.93%	-4.17%
Total debt to assets ratio	0.99	1.00	0.86	0.79	0.62
% change	-0.75%	16.12%	8.70%	27.68%	5.47%
Net tangible assets \$	\$384,626	\$382,355	\$448,968	\$472,660	\$507,781
% change	0.59%	-14.84%	-5.01%	-6.92%	4.13%
Short-term debt \$	\$3,061	\$3,332	\$5,751	\$4,543	\$3,120
% change	-8.13%	-42.06%	26.59%	45.61%	10.25%
Short-term debt % of total debt	0.74%	0.81%	1.40%	1.11%	0.77%
% change	-8.52%	-41.95%	25.27%	44.24%	9.08%
Short-term debt % of working capital	10.14%	28.46%	39.65%	19.69%	12.37%
% change	-64.35%	-28.22%	101.39%	59.21%	18.74%
Total liabilities \$	\$590,792	\$580,096	\$620,245	\$633,678	\$658,678
% change	1.84%	-6.47%	-2.12%	-3.80%	1.41%
Source:	10-Q 11/8/2012	10-Q 8/9/2012	10-Q 5/10/2012	10-Q 11/8/2012	10-Q 11/14/2011

...need more depth? Look at the Liquidity Ratios and Rates of Return

Consistently poor cash ratio...

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2012	6/30/2012	3/31/2012	12/31/2011	9/30/2011
Current assets \$	\$197,988	\$172,311	\$215,152	\$238,400	\$257,996
% change	14.90%	-19.91%	-9.75%	-7.60%	11.00%
% of short-term debt	6,468.08%	5,171.40%	3,741.12%	5,247.63%	8,269.10%
Current liabilities \$	\$167,812	\$160,602	\$200,646	\$215,323	\$232,764
% change	4.49%	-19.96%	-6.82%	-7.49%	13.41%
Working capital \$	\$30,176	\$11,709	\$14,506	\$23,077	\$25,232
% change	157.72%	-19.28%	-37.14%	-8.54%	-7.15%
% of sales (annualized)	5.32%	2.17%	2.22%	2.57%	3.06%
Cash \$	\$30,725	\$36,006	\$47,684	\$44,647	\$53,653
% change	-14.67%	-24.49%	6.80%	-16.79%	-13.15%
% of short-term debt	1,003.76%	1,080.61%	829.14%	982.76%	1,719.65%
Cash ratio	0.18	0.22	0.24	0.21	0.23
% change	-18.33%	-5.68%	14.66%	-10.07%	-23.42%
Quick assets \$	\$166,342	\$145,500	\$179,772	\$205,383	\$212,162
% change	14.32%	-19.06%	-12.47%	-3.20%	15.28%
% of short-term debt	5,434.24%	4,366.75%	3,125.93%	4,520.87%	6,800.06%
Quick ratio	0.99	0.91	0.90	0.95	0.91
% change	9.40%	1.12%	-6.06%	4.64%	1.65%
Current ratio	1.18	1.07	1.07	1.11	1.11
% change	9.96%	0.06%	-3.15%	-0.11%	-2.12%
Source:	10-Q 11/8/2012	10-Q 8/9/2012	10-Q 5/10/2012	10-Q 11/8/2012	10-Q 11/14/2011

Negative rates of return...

Rates of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2012	3 mos 6/30/2012	3 mos 3/31/2012	3 mos 12/31/2011	3 mos 9/30/2011
Return on equity	n/a	n/a	n/a	n/a	-144.80%
Return on total assets	-1.52%	-6.18%	-4.68%	-19.19%	-6.34%
% change	75.33%	-32.01%	75.61%	-202.86%	n/a
Return on net tangible assets	-1.64%	-6.61%	-5.04%	-22.79%	-8.46%
% change	75.13%	-31.11%	77.89%	-169.44%	n/a
Source:	10-Q 11/8/2012	10-Q 8/9/2012	10-Q 5/10/2012	10-K 3/23/2012	10-Q 11/14/2011

In the MD&A issued in August, the Company tells us that limitations in its ability to raise capital can lead the Company to fail to meet its current debt service obligations, which would result in a default event under the Revolving Credit Facility. Such an event would make all outstanding debts under the Revolving Credit Facility immediately due and payable. The Company cannot sustain such an event and would be forced to restructure its indebtedness.

CreditRiskMonitor [\(CRMZ\)](#)

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Report

Geokinetics Inc.

Suite 800, 1500 CityWest Blvd.
HOUSTON, TX 77042 United States

Ticker: [GEOKQ](#)

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Phone: (713) 850-7600

Filed for Bankruptcy on 3/10/2013
Case #13-10472, filed in the U.S. Bankruptcy Court for the District of Delaware

Management Discussion and Analysis

For the period ended 6/30/2012

In addition to working with the Company's financial advisor regarding a possible restructuring of our indebtedness and capital structure, we are currently reviewing other alternatives and may adopt other strategies such as reducing or delaying capital investments, delaying bids on new sales or seeking to raise additional capital through debt or equity financing. However, our current credit rating limits our ability to access the debt capital markets and the recent low trading price of our common stock severely limits our ability to raise substantial capital in the equity capital markets. Among other restrictions, our Notes and the Whitebox Revolving Credit Facility also limit our ability to incur or guarantee additional debt or to grant additional liens on our assets which further limits our ability to raise additional capital through debt financing. Our ability to timely raise sufficient capital may also be limited by NYSE MKT stockholder approval requirements for certain transactions involving the issuance of our common stock or securities convertible into our common stock.

These alternatives may not be successful, and we could face a substantial liquidity shortfall and might be required to dispose of certain assets or operations or take other actions to meet our operating and debt service obligations. The failure to meet our debt service obligations would constitute an event of default under the Whitebox Revolving Credit Facility and the Notes, and the Lenders or Note holders could declare all amounts outstanding under the Whitebox Revolving Credit Facility or Notes to be immediately due and payable. In such event, the Company would likely be forced to pursue a restructuring of its indebtedness and existing capital structure and we believe that, given our high levels of indebtedness and currently outstanding preferred stock which have preference over our common stock, it is unlikely that any significant value would be ascribed to our existing common stock after any such restructuring. For additional discussion of the risks associated with our high levels of indebtedness and current liquidity issues, please see the discussion "Risk Factors" in Item 1A of this Form 10-Q and "Risk Factors" in Item 1A of our 2011 Form 10-K .

In the MD&A issued in November, the Company tells us that if there is not enough cash on hand for both the December 15th interest payment and ongoing operations, then the Company will need to implement a restructuring of its indebtedness. If an out-of-court agreement cannot be reached, the Company will be required to restructure its debt in court.

...and then in March they file for bankruptcy.

CreditRiskMonitor (CRMZ)

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Report		Geokinetics Inc.							
Overview	▶	Phone: (713) 850-7600	Suite 800, 1500 CityWest Blvd. HOUSTON, TX 77042 United States					Ticker: GEOKQ	
Company News		<p>Filed for Bankruptcy on 3/10/2013 Case #13-10472, filed in the U.S. Bankruptcy Court for the District of Delaware</p>							
Risk Ratings	▶	Management Discussion and Analysis							
Important Information		For the period ended 9/30/2012							
Annual Financials	▶	<p>Although management has continued to focus on improving liquidity through the implementation of the actions described above, we anticipate that additional efforts will be required to address the Company's high levels of indebtedness. As a result, management continues to focus on maintaining sufficient liquidity to continue to operate its commercial business and anticipates that it will only make the December 15, 2012 interest payment on the Notes, which also contains a 30 day grace period with respect to interest payments, in the event that following such payment it believes it will have sufficient liquidity to continue to fund its ongoing commercial operations. <u>If the Company determines that it does not have sufficient cash on hand to both fund the interest payment and meet the ongoing commercial operating needs of the Company following any such payment, the Company would likely need to implement a restructuring of its indebtedness and capital structure in an out-of-court restructuring if the terms of such a restructuring can be agreed upon by the requisite parties. If agreement with respect to an out-of-court restructuring cannot be reached, the Company would likely be required to implement an in-court restructuring since the failure to meet our debt service obligations would constitute an event of default under the Whitebox Revolving Credit Facility and the Notes, and the Lenders or Note holders could declare all amounts outstanding under the Whitebox Revolving Credit Facility or Notes to be immediately due and payable. In the event the Company determines that it has sufficient cash on hand to both fund the December 15, 2012 interest payment and to meet the ongoing commercial operational needs of the Company following such payment, the Company still expects that it will nevertheless need to implement a capital restructuring in the near term following any such interest payment to address its high debt levels.</u></p>							
Year/Year Interim	▶								
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