



**CGGVeritas**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2010**



## CONSOLIDATED BALANCE SHEET

	June 30, 2010 (unaudited)	
	€	US\$ (1)
<b>amounts in millions of</b>		
<b>ASSETS</b>		
Cash and cash equivalents .....	360.1	441.9
Trade accounts and notes receivable, net .....	598.9	734.9
Inventories and work-in-progress, net .....	248.6	305.1
Income tax assets .....	75.3	92.4
Other current assets, net .....	117.9	144.7
Assets held for sale, net .....	77.5	95.1
<b>Total current assets .....</b>	<b>1,478.3</b>	<b>1,814.1</b>
Deferred tax assets .....	100.4	123.2
Investments and other financial assets, net .....	36.6	44.9
Investments in companies under equity method .....	75.2	92.3
Property, plant and equipment, net .....	759.8	932.4
Intangible assets, net .....	887.1	1,088.5
Goodwill .....	2,184.4	2,680.5
<b>Total non-current assets .....</b>	<b>4,043.5</b>	<b>4,961.8</b>
<b>TOTAL ASSETS .....</b>	<b>5,521.8</b>	<b>6,775.9</b>
<b>LIABILITIES AND EQUITY</b>		
Bank overdrafts .....	5.1	6.3
Current portion of financial debt .....	56.0	68.7
Trade accounts and notes payable .....	254.0	311.6
Accrued payroll costs .....	112.9	138.6
Income taxes liability .....	28.9	35.5
Advance billings to customers .....	18.5	22.7
Provisions – current portion .....	25.5	31.3
Other current liabilities .....	173.0	212.4
<b>Total current liabilities .....</b>	<b>673.9</b>	<b>827.1</b>
Deferred tax liabilities .....	132.1	162.1
Provisions – non-current portion .....	91.6	112.4
Financial debt .....	1,482.0	1,818.5
Other non-current liabilities .....	32.5	39.9
<b>Total non-current liabilities .....</b>	<b>1,738.2</b>	<b>2,132.9</b>
Common stock 215,096,351 shares authorized and 151,409,611 shares with a €0.40 nominal value issued and outstanding at June 30, 2010; 151,146,594 at December 2009 .....	60.6	74.3
Additional paid-in capital .....	1,967.5	2,414.3
Retained earnings .....	879.1	1,078.8
Treasury shares .....	(16.7)	(20.5)
Net income (loss) for the period – Attributable to the Group .....	(0.4)	(0.5)
Income and expense recognized directly in equity .....	(10.5)	(12.9)
Cumulative translation adjustment .....	180.4	221.4
<b>Equity attributable to owners of CGGVeritas SA .....</b>	<b>3,060.0</b>	<b>3,754.9</b>
Non controlling interests, presented within equity .....	49.7	61.0
<b>Total equity .....</b>	<b>3,109.7</b>	<b>3,815.9</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,521.8</b>	<b>6,775.9</b>

(1) Dollar amounts represent euro amounts converted at the exchange rate of US\$1.227 per € on the balance sheet date.

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

except per share data, amounts in millions of	Six months ended June 30, 2010	
	€	US\$ (1)
<b>Operating revenues</b> .....	<b>996.0</b>	<b>1,343.0</b>
Other income from ordinary activities .....	1.6	2.1
<b>Total income from ordinary activities</b> .....	<b>997.6</b>	<b>1,345.1</b>
Cost of operations .....	(791.8)	(1,067.7)
<b>Gross profit</b> .....	<b>205.8</b>	<b>277.4</b>
Research and development expenses, net .....	(28.8)	(38.8)
General and administrative expenses .....	(96.5)	(130.2)
Marketing and selling expenses .....	(30.1)	(40.5)
Other revenues (expenses), net .....	4.4	5.9
<b>Operating income</b> .....	<b>54.8</b>	<b>73.8</b>
Expenses related to financial debt .....	(51.7)	(69.7)
Income provided by cash and cash equivalents .....	1.4	1.9
<b>Cost of financial debt, net</b> .....	<b>(50.3)</b>	<b>(67.8)</b>
Other financial income (loss) .....	15.3	20.7
<b>Income of consolidated companies before income taxes</b> .....	<b>19.8</b>	<b>26.7</b>
Deferred taxes on currency translation .....	(2.5)	(3.4)
Other income taxes .....	(8.6)	(11.7)
<b>Total income taxes</b> .....	<b>(11.1)</b>	<b>(15.1)</b>
<b>Net income from consolidated companies</b> .....	<b>8.7</b>	<b>11.6</b>
Equity in income of investees .....	(2.1)	(2.8)
<b>Net income</b> .....	<b>6.6</b>	<b>8.8</b>
<i>Attributable to :</i>		
<i>Owners of CGGVeritas SA</i> .....	(0.4)	(0.6)
<i>Non controlling interests</i> .....	7.0	9.4
Weighted average number of shares outstanding .....	151,275,968	151,275,968
Dilutive potential shares from stock-options .....	403,108	403,108
Dilutive potential shares from free shares .....	314,773	314,773
Adjusted weighted average number of shares and assumed option exercises when dilutive .....	151,993,849	151,993,849
<b>Net income (loss) per share attributable to owners of CGGVeritas SA</b>		
Basic .....	-	-
Diluted .....	-	-

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US\$1.348 per €.

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

except per share data, amounts in millions of	Three months ended June 30, 2010	
	€	US\$ (1)
<b>Operating revenues</b> .....	<b>498.0</b>	<b>646.9</b>
Other income from ordinary activities .....	0.7	0.9
<b>Total income from ordinary activities</b> .....	<b>498.7</b>	<b>647.8</b>
Cost of operations .....	(398.9)	(518.4)
<b>Gross profit</b> .....	<b>99.8</b>	<b>129.4</b>
Research and development expenses, net .....	(15.5)	(20.2)
General and administrative expenses .....	(47.2)	(61.2)
Marketing and selling expenses .....	(13.4)	(17.3)
Other revenues (expenses), net .....	4.8	6.4
<b>Operating income</b> .....	<b>28.5</b>	<b>37.1</b>
Expenses related to financial debt .....	(26.5)	(34.5)
Income provided by cash and cash equivalents .....	0.7	0.9
<b>Cost of financial debt, net</b> .....	<b>(25.8)</b>	<b>(33.6)</b>
Other financial income (loss) .....	7.9	10.3
<b>Income of consolidated companies before income taxes</b> .....	<b>10.6</b>	<b>13.8</b>
Deferred taxes on currency translation .....	0.2	0.4
Other income taxes .....	(2.2)	(2.7)
<b>Total income taxes</b> .....	<b>(2.0)</b>	<b>(2.3)</b>
<b>Net income from consolidated companies</b> .....	<b>8.6</b>	<b>11.5</b>
Equity in income of investees .....	(2.3)	(3.2)
<b>Net income</b> .....	<b>6.3</b>	<b>8.3</b>
<i>Attributable to :</i>		
<i>Owners of CGGVeritas SA</i> .....	2.2	2.9
<i>Non controlling interests</i> .....	4.1	5.4
Weighted average number of shares outstanding .....	151,358,044	151,358,044
Dilutive potential shares from stock-options .....	410,970	410,970
Dilutive potential shares from free shares .....	314,773	314,773
Adjusted weighted average number of shares and assumed option exercises when dilutive .....	152,083,787	152,083,787
<b>Net income (loss) per share attributable to owners of CGGVeritas SA</b>		
Basic .....	0.01	0.02
Diluted .....	0.01	0.02

(1) Corresponding to the half-year in US dollars less the first quarter in US dollars.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	June 30, 2010	
	€	US\$ (1)
amounts in millions of		
<b>OPERATING</b>		
Net income (loss) .....	6.6	8.9
Depreciation and amortization .....	111.4	150.2
Multi-client surveys amortization.....	80.2	108.1
Variance on provisions.....	(48.6)	(65.5)
Expense & income calculated on stock-option.....	7.2	9.7
Net gain on disposal of fixed assets.....	0.2	0.3
Equity in income of affiliates .....	2.1	2.8
Dividends received from affiliates .....	2.2	3.0
Other non-cash items.....	(10.3)	(13.9)
<b>Net cash including net cost of financial debt and income taxes .....</b>	<b>151.0</b>	<b>203.6</b>
Less net cost of financial debt .....	50.3	67.8
Less income taxes expenses .....	11.2	15.1
<b>Net cash excluding net cost of financial debt and income taxes.....</b>	<b>212.5</b>	<b>286.5</b>
Income taxes paid.....	(47.5)	(64.0)
<b>Net cash before changes in working capital .....</b>	<b>165.0</b>	<b>222.5</b>
- change in trade accounts and notes receivables .....	31.6	42.6
- change in inventories and work-in-progress.....	(3.5)	(4.7)
- change in other current assets .....	(28.5)	(38.4)
- change in trade accounts and notes payable .....	15.2	20.5
- change in other current liabilities .....	(30.2)	(40.7)
Impact of changes in exchange rate.....	23.1	31.1
<b>Net cash provided by operating activity .....</b>	<b>172.7</b>	<b>232.9</b>
<b>INVESTING</b>		
Total purchases of tangible and intangible assets (including variation of fixed assets suppliers).....	(86.4)	(116.5)
Increase in multi-client surveys.....	(128.0)	(172.6)
Proceeds from disposals of tangible and intangible.....	3.3	4.4
Total net proceeds from financial assets .....	1.3	1.8
Total net acquisition of investments .....	(1.2)	(1.6)
Impact of changes in consolidation scope .....	-	-
Variation in loans granted .....	(0.4)	(0.5)
Variation in subsidies for capital expenditures.....	0.8	1.1
Variation in other financial assets .....	(1.4)	(1.9)
<b>Net cash used in investing activities .....</b>	<b>(212.0)</b>	<b>(285.8)</b>
<b>FINANCING</b>		
Repayment of long-term debts .....	(42.3)	(57.0)
Total issuance of long-term debts.....	2.2	3.0
Reimbursement on leasing .....	(44.6)	(60.1)
Change in short-term loans.....	2.4	3.2
Financial interest paid .....	(47.8)	(64.4)
<i>Net proceeds from capital increase</i>		
- from shareholders.....	1.7	2.3
- from non controlling interests of consolidated companies.....	-	-
Disposal (acquisition) of treasury shares.....	(3.2)	(4.3)
Dividend paid to non controlling interests.....	(3.0)	(4.0)
<b>Net cash provided by (used in) financing activities.....</b>	<b>(134.6)</b>	<b>(181.5)</b>
Effects of exchange rate changes on cash.....	53.7	(15.6)
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>(120.2)</b>	<b>(250.0)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>480.3</b>	<b>691.9</b>
<b>Cash and cash equivalents at end of period .....</b>	<b>360.1</b>	<b>441.9</b>

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US\$1.348 per € (except cash and cash equivalents balances converted at the closing exchange rate of US\$1.227 per € at June 30, 2010 and of US\$1.441 per € at December 31, 2009).

## ANALYSIS BY OPERATING SEGMENT

(in millions of euros)	Six months ended June 30, 2010			
	Services (a)	Equipment	Eliminations and Adjustments (a)	Consolidated Total
<b>Revenues from unaffiliated customers</b> .....	718.8	277.2	-	996.0
Inter-segment revenues .....	0.2	72.3	(72.5)	-
<b>Operating revenues</b> .....	719.0	349.5	(72.5)	996.0
Other income from ordinary activities .....	-	1.6	-	1.6
<b>Total income from ordinary activities</b> .....	719.0	351.1	(72.5)	997.6
<b>Operating income (loss)</b> .....	14.2	86.0	(45.4)	54.8
Equity in income (loss) of investees .....	(2.1)	-	-	(2.1)
Capital expenditures .....	211.7	12.3	-	224.0
Depreciation and amortization .....	173.7	17.1	0.8	191.6
Investments in companies under equity method .....	1.2	-	-	1.2
<b>Identifiable assets</b> .....	4,570.7	797.0	(286.5)	5,081.2
Unallocated and corporate assets .....				440.6
<b>Total Assets</b> .....				5,521.8

(a) The segment information related to our Services segment reflects the change in our internal financial reporting occurred in 2010: (i) Operating income for our Services segment is presented after elimination of amortization expense corresponding to past inter-company capital expenditures between our Equipment segment and Services segment; (ii) Capital expenditures for our Services segment are presented after elimination of inter-segment margin. These eliminations were previously presented in "Eliminations and Adjustments".

(in millions of US\$)	Six months ended June 30, 2010			
	Services (1)	Equipment(2)	Eliminations and Adjustments	Consolidated Total (3)
<b>Revenues from unaffiliated customers</b> .....	971.0	372.0	-	1,343.0
Inter-segment revenues .....	0.2	97.0	(97.2)	-
<b>Operating revenues</b> .....	971.2	469.0	(97.2)	1,343.0
Other income from ordinary activities .....	-	2.1	-	2.1
<b>Total income from ordinary activities</b> .....	971.2	471.1	(97.2)	1,345.1
<b>Operating income (loss)</b> .....	19.2	115.4	(60.8)	73.8

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US\$1.351 per € in 2010 for the Services segment.

(2) Dollar amounts were converted at the average exchange rate of US\$1.342 per € in 2010 for the Equipment segment.

(3) Dollar amounts for the Consolidated total were converted at the average exchange rate of US\$1.348 per € in 2010, corresponding to the weighted average based on each segment's operating revenues.

## ANALYSIS BY OPERATING SEGMENT

(in millions of euros)	Three months ended June 30, 2010			
	Services (a)	Equipment	Eliminations and Adjustments (a)	Consolidated Total
<b>Revenues from unaffiliated customers</b> .....	353.3	144.7	-	498.0
Inter-segment revenues .....	-	45.9	(45.9)	-
<b>Operating revenues</b> .....	353.3	190.6	(45.9)	498.0
Other income from ordinary activities .....	-	0.7	-	0.7
<b>Total income from ordinary activities</b> .....	353.3	191.3	(45.9)	498.7
<b>Operating income (loss)</b> .....	4.1	50.5	(26.1)	28.5
Equity in income (loss) of investees .....	(2.3)	-	-	(2.3)
Capital expenditures .....	112.9	9.6	-	122.5
Depreciation and amortization .....	86.8	8.8	0.4	96.0
Investments in companies under equity method .....	1.2	-	-	1.2

(a) The segment information related to our Services segment for the three months ended June 30, 2010 reflects the change in our internal financial reporting occurred in 2010: (i) Operating income for our Services segment is presented after elimination of amortization expense corresponding to past inter-company capital expenditures between our Equipment segment and Services segment; (ii) Capital expenditures for our Services segment are presented after elimination of inter-segment margin. These eliminations were previously presented in "Eliminations and Adjustments".

(in millions of US\$)	Three months ended June 30, 2010 (1)			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
<b>Revenues from unaffiliated customers</b> .....	459.9	187.0	-	646.9
Inter-segment revenues .....	-	60.1	(60.1)	-
<b>Operating revenues</b> .....	459.9	247.1	(60.1)	646.9
Other income from ordinary activities .....	-	0.9	-	0.9
<b>Total income from ordinary activities</b> .....	459.9	248.0	(60.1)	647.8
<b>Operating income (loss)</b> .....	5.1	65.8	(33.8)	37.1

(1) Corresponding to the half-year in US dollars less the first quarter in US dollars.