



## **CGGVeritas Announces Second Quarter 2011 Results**

**Group Revenue at \$750m, up 16%**

**Group Operating Income at \$16m**

**PARIS, France – July 29<sup>th</sup> 2011** – CGGVeritas (ISIN: 0000120164 – NYSE: CGV) announced today its non-audited second quarter 2011 consolidated results. All comparisons are made on a year-on-year basis unless stated otherwise. All second half 2010 results are reported before restructuring and impairment.

- Group Revenue was \$750m, up 16% year-on-year and 3% sequentially.
- Group Operating Income was \$16m:
  - Sercel continued to deliver strong performance with Operating Income at \$76m, a margin of 29%.
  - Services Operating Income was a loss of \$29m mainly related to North American seasonality in Land, operational interruptions and continued overcapacity in the marine market.  
Multi-client marine and Processing & Imaging contributions were particularly strong.
- Net Income was negative at \$38m, including one-off \$17m refinancing costs.
- Net Free Cash Flow was negative at \$7m this quarter and positive at \$58m for the first half of the year.
- Net Debt to Equity ratio was 40%.
- Debt maturity was extended to 2021 and Term Loan B was fully repaid with the issuance of our \$650 million Senior Note.
- As planned in our Performance Program, following their upgrades, the Oceanic Phoenix and Oceanic Endeavour returned to operations. Our ship management partnership with Eidesvik was established and a support vessel charter agreement with Bourbon was signed. The Commander was decommissioned at the end of May. BroadSeis™, our advanced marine solution continued to see growing acceptance, and we further developed our newly established commercial joint ventures. Our cost reduction program is progressing well in the context of rising fuel cost and the weakening US dollar.
- Backlog as of July 1<sup>st</sup> sequentially strengthened, up 7% to \$1.31 billion.

### **Post Closing Events:**

- Strategic agreement signed with Spectrum, a Norwegian multi-client company, for the contribution by CGGVeritas of our 2D Multi-client marine library for a consideration in cash and a 25% equity position in Spectrum.

## Second Quarter 2011 key figures

In million \$	First Quarter	Second Quarter	
	2011	2011	2010
<b>Group Revenue</b>	<b>728</b>	<b>750</b>	<b>647</b>
Sercel	275	267	247
Services	533	533	460
<b>Group Operating Income</b>	<b>23</b>	<b>16</b>	<b>37</b>
<i>Margin</i>	<i>3%</i>	<i>2%</i>	<i>6%</i>
Sercel	95	76	66
<i>Margin</i>	<i>34%</i>	<i>29%</i>	<i>27%</i>
Services	-26	-29	5
<i>Margin</i>	<i>-5%</i>	<i>-5%</i>	<i>1%</i>
<b>Net Income</b>	<b>-37</b>	<b>-38</b>	<b>8</b>
<i>Margin</i>	<i>-5%</i>	<i>-5%</i>	<i>1%</i>
<b>Net Debt</b>	<b>1,444</b>	<b>1,492</b>	<b>1,452</b>
<i>Net Debt to Equity ratio</i>	<i>38%</i>	<i>40%</i>	<i>39%</i>

### CGGVeritas CEO, Jean-Georges Malcor commented:

*"During the quarter, Sercel delivered excellent performance and Services, despite the impact of Land seasonality, continued to see the signs of a progressively strengthening second half of the year.*

*North American Land activity was seasonally low as we repositioned our crews from Canada and the Arctic to the lower 48 for an expected robust summer campaign. Increasing demand for our marine multi-client data in advance of the announced Gulf of Mexico and Brazil lease sales was confirmed, a promising trend for both future multi-client sales and the progressive balancing of over-capacity in marine.*

*Our performance plan is progressing well in a context that remains impacted by rising fuel cost and a weakening US dollar. We continued to manage our balance sheet proactively with the significant extension of debt maturity, and in the first half of the year generated positive net free cash flow.*

*Looking forward, we expect Sercel to continue to deliver strong financial performance and, while difficult conditions remain in the marine market, Services should benefit from our performance program and from the increasing demand for multi-client data in the second half of the year and particularly near year-end."*

## Second Quarter 2011 Financial Results

### Group Revenue

Group Revenue was up 16% in \$ (4% in €) year-on-year and sequentially up 3%.

In millions	First Quarter	Second Quarter		Second Quarter	
	2011 (\$)	2011 (\$)	2010 (\$)	2011 (€)	2010 (€)
<b>Group Revenue</b>	<b>728</b>	<b>750</b>	<b>647</b>	<b>517</b>	<b>498</b>
Sercel Revenue	275	267	247	184	191
Services Revenue	533	533	460	367	353
<i>Eliminations</i>	<i>-80</i>	<i>-50</i>	<i>-60</i>	<i>-34</i>	<i>-46</i>
Marine contract	199	242	195	168	150
Land contract	160	81	79	54	62
Processing	99	106	94	73	72
Multi-client	75	104	92	72	70
MC marine	45	78	60	55	46
MC land	30	26	32	18	24

### Sercel

Year-on-year, revenue was up 8% in \$ (down 4% in €). Sequentially, revenue moderated down 3% from a record first quarter. Operating margin was 29% compared to 27% margin in the second quarter of 2010 and 34% in the first quarter 2011. While operating margin was sequentially lower in the context of a weakening US dollar, Sercel full year perspectives remain strong and unchanged.

Land equipment sales remained at high levels on demand for increasing channel counts and regional activity especially in Europe and the Middle East. In marine equipment, lower sales of streamers this quarter were partially compensated by strong sustained demand for our SeaRay® Ocean Bottom Cable technology. Internal sales represented 19% of total revenue.

## Services

Year-on-year, revenue was up 16% in \$ (4% in €). Sequentially revenue was relatively stable.

- Marine contract revenue was up 24% year-on-year in \$ (12% in €). Sequentially, revenue was up 22%, with a higher vessel availability rate<sup>1</sup> of 92% and production rate<sup>2</sup> of 85% while operational performance remained impacted by maritime interruptions and operational incidents. The Oceanic Phoenix and Oceanic Endeavour returned to operations with their enhanced configuration following upgrades and sea trials. The Commander was decommissioned at the end of May and our new build X-BOW Oceanic Sirius vessel is on schedule to be delivered in early October. Our wide azimuth contract in Mexico was further extended until mid-December. BroadSeis™ commercial take-up expanded into new complex geological areas including the salt structures in the deep water offshore Gabon.
- Land contract revenue was up 2% in \$ year-on-year (down 12% in €). Sequentially revenue was down 49% from the record first quarter as our Arctic crews demobilized and activity in the Middle East and North Africa was tempered by the unrest earlier in the year. The Land summer campaign is expected to be robust in the lower 48 and the further development of both high-channel count surveys and the OBC market is confirmed particularly in the Middle-East.
- Processing, Imaging and Reservoir revenue was up 13% year-on-year in \$ (2% in €). Sequentially revenue was up 7% on continued advanced technology leadership. The early processing of our BroadSeis™ surveys show very promising results both for our contract and multi-client surveys. During the quarter multiple dedicated center contracts were extended.
- Multi-client revenue was up 14% year-on-year in \$ (2% in €). Capex was at a low point this quarter at \$45 million (€31 million), with prefunding at \$27 million (€18 million), a rate of 59%. The amortization rate averaged 49%, with 56% in land and 47% in marine. Net Book Value of the library at the end of June was slightly down at \$596 million (€412 million).

*Multi-client marine* revenue was up 31% in \$. Capex was low at \$12 million (€8 million). Prefunding was \$11 million (€8 million), a rate of 97%. After-sales worldwide strengthened sequentially to \$67 million (€47 million) as demand for Brazil, North Sea and Gulf of Mexico picked up ahead of lease sales scheduled for the end of the year.

*Multi-client land* revenue was down 19% in \$, following reduced Capex at \$33 million (€23 million) and adverse weather conditions in the US over our new programs during the quarter. Prefunding was low this quarter at \$15 million (€10 million), a rate of 46%. After-sales were \$11 million (€7 million).

<sup>1</sup> - The **vessel availability rate**, a metric measuring the structural availability of our vessels to meet demand; this metric is related to the entire fleet, and corresponds to the total vessel time reduced by the sum of the standby time, the shipyard time and the steaming time (the "available time"), all divided by total vessel time.

<sup>2</sup> - The **vessel production rate**, a metric measuring the effective utilization of the vessels once available; this metric is related to the entire fleet, and corresponds to the available time reduced by the operational downtime, all then divided by available time.

**Group EBITDAs** was \$152 million (€105 million), a margin of 20%.

In millions	First Quarter	Second Quarter		Second Quarter	
	2011 (\$)	2011 (\$)	2010 (\$)	2011 (€)	2010 (€)
<b>Group EBITDAs</b>	<b>160</b>	<b>152</b>	<b>166</b>	<b>105</b>	<b>128</b>
<i>Margin</i>	22%	20%	26%	20%	26%
Sercel EBITDAs	108	90	78	62	60
<i>Margin</i>	39%	34%	31%	34%	31%
Services EBITDAs	95	93	120	64	92
<i>Margin</i>	18%	18%	26%	18%	26%

**Group Operating Income** was \$16 million (€11 million), a margin of 2%.

In millions	First Quarter	Second Quarter		Second Quarter	
	2011 (\$)	2011 (\$)	2010 (\$)	2011 (€)	2010 (€)
<b>Group Operating Income</b>	<b>23</b>	<b>16</b>	<b>37</b>	<b>11</b>	<b>29</b>
<i>Margin</i>	3%	2%	6%	2%	6%
Sercel Op. Income	95	76	66	52	51
<i>Margin</i>	34%	29%	27%	29%	27%
Services Op. Income	-26	-29	5	-20	4
<i>Margin</i>	-5%	-5%	1%	-5%	1%

### **Financial Charges**

Financial charges were \$55 million (€37 million) including \$17 million one-off charges:

- Cost of Debt was \$51 million including \$15 million accelerated one-off issuing fees amortization related to Term Loan B and to repayments of the 2015 High Yield Bond.
- Other financial items were \$4 million including a \$2 million one-off High Yield Bond 2015 call premium.

**Taxes** were \$4 million (€3 million) including the favorable impact of \$1 million (€1million) of currency translation.

**Group Net Income** was negative at \$38 million (€26 million).

**Net Income attributable to owners of CGGVeritas** was negative at \$41 million (€28 million) after the impact of minority interests of \$3 million, resulting in a negative EPS of -€0.19 per ordinary share and -\$0.27 per ADS.

## Cash Flow\*

### Cash Flow from Operations

Cash flow from operations was \$164 million (€112 million).

### Capex

Global Capex was \$145 million (€100 million) this quarter, a reduction of 11% year-on-year.

- Industrial Capex was \$100 million (€69 million), an increase of 28% year-on-year.
- Multi-client Capex was \$45 million (€31 million), a reduction of 48% year-on-year.

In million \$	First Quarter	Second Quarter	
	2011	2011	2010
Capex	123	145	163
Industrial	79	100	78
Multi-client	44	45	86

### Free Cash Flow

After interest expenses paid during the quarter, net free cash flow was negative at \$7 million (€7 million).

\*- Cash Flow from operations: is "Net cash provided by operating activities", as presented in the Unaudited interim consolidated statement of cash flows.

- Net Free Cash Flow: is Cash Flow from operations minus (i) "Total net capital expenditures" and "Investments in multi-client surveys" presented in the "Investing" section of the Unaudited interim consolidated statement of cash flows, and (ii) "Financial expenses paid" presented in the "Financing" section of the Unaudited interim consolidated statement of cash flows.

## Second Quarter 2011 Comparisons with Second Quarter 2010

Consolidated Income Statement In millions	First Quarter	Second Quarter		Second Quarter	
	2011 (\$)	2011 (\$)	2010 (\$)	2011 (€)	2010 (€)
<i>Exchange rate euro/dollar</i>	1.363	1.448	1.303	1.448	1.303
<b>Operating Revenue</b>	728.2	749.6	646.9	517.2	498.0
<i>Sercel</i>	274.8	266.7	247.0	183.8	190.6
<i>Services</i>	532.9	532.7	459.8	367.1	353.3
<i>Elimination</i>	-79.5	-49.8	-60.1	-33.7	-45.9
<b>Gross Profit</b>	<b>96.7</b>	<b>104.0</b>	<b>129.4</b>	<b>71.8</b>	<b>99.9</b>
<b>Operating Income</b>	<b>23.1</b>	<b>15.5</b>	<b>37.1</b>	<b>10.5</b>	<b>28.5</b>
<i>Sercel</i>	94.6	76.4	65.8	52.3	50.5
<i>Services</i>	-26.0	-29.3	5.1	-20.3	4.1
<i>Corporate and Elimination</i>	-45.5	-31.6	-33.8	-21.5	-26.1
<b>Financial Items</b>	<b>-59.0</b>	<b>-54.6</b>	<b>-23.2</b>	<b>-37.6</b>	<b>-17.8</b>
<b>Income Tax</b>	<b>-8.1</b>	<b>-5.3</b>	<b>-2.7</b>	<b>-3.6</b>	<b>-2.2</b>
<b>Deferred Tax on Currency Translation</b>	<b>5.2</b>	<b>1.1</b>	<b>0.4</b>	<b>0.7</b>	<b>0.2</b>
<b>Income from Equity Investments</b>	<b>2.0</b>	<b>5.6</b>	<b>-3.2</b>	<b>4.0</b>	<b>-2.3</b>
<b>Net Income</b>	<b>-36.9</b>	<b>-37.7</b>	<b>8.3</b>	<b>-26.0</b>	<b>6.2</b>
<b>Earnings per share (€) / per ADS (\$)</b>	<b>-0.27</b>	<b>-0.27</b>	<b>0.02</b>	<b>-0.19</b>	<b>0.01</b>
<b>EBITDAs</b>	<b>159.8</b>	<b>152.4</b>	<b>166.4</b>	<b>104.9</b>	<b>128.0</b>
<i>Sercel</i>	108.1	89.8	77.7	61.6	59.7
<i>Services</i>	95.1	93.3	120.2	64.3	92.4
Industrial Capex	79.4	99.6	77.7	70.3	59.1
Multi-client Capex	44.5	44.9	85.7	31.0	65.8

## First Half 2011 Financial Results

### Group Revenue

Group Revenue was up 10% in \$ year-on-year (6% in €), reflecting the continued strong demand for Sercel equipment and the progressive strengthening of the seismic services market. Group Revenue was seasonally down 5% compared to the second half of 2010.

In millions	Second Half		First Half		First Half	
	2010 (\$)	2011 (\$)	2010 (\$)	2011 (€)	2010 (€)	
<b>Group Revenue</b>	<b>1 561</b>	<b>1 478</b>	<b>1 343</b>	<b>1 052</b>	<b>996</b>	
Sercel Revenue	531	541	469	385	350	
Services Revenue	1 112	1 066	971	758	719	
<i>Eliminations</i>	-81	-129	-97	-91	-72	
Marine contract	380	441	398	314	295	
Land contract	188	241	193	171	143	
Processing	202	206	187	146	139	
Multi-client	342	178	192	127	142	
MC marine	255	123	134	87	99	
MC land	87	56	59	40	43	

**Group EBITDAs** was \$312 million (€222 million), a margin of 21%.

In millions	Second Half		First Half		First Half	
	2010 (\$)	2011 (\$)	2010 (\$)	2011 (€)	2010 (€)	
<b>Group EBITDAs</b>	<b>482</b>	<b>312</b>	<b>342</b>	<b>222</b>	<b>254</b>	
<i>margin</i>	31%	21%	25%	21%	25%	
Sercel EBITDAs	201	198	139	141	104	
<i>margin</i>	38%	37%	30%	37%	30%	
Services EBITDAs	323	188	257	134	190	
<i>margin</i>	29%	18%	26%	18%	26%	

**Group Operating Income** was \$39 million (€28 million), a margin of 3%.

In millions	Second Half		First Half		First Half	
	2010 (\$)	2011 (\$)	2010 (\$)	2011 (€)	2010 (€)	
<b>Group Operating Income</b>	<b>146</b>	<b>39</b>	<b>74</b>	<b>28</b>	<b>55</b>	
<i>margin</i>	9%	3%	5%	3%	5%	
Sercel Op. Income	175	171	115	122	86	
<i>margin</i>	33%	32%	25%	32%	25%	
Services Op. Income	18	-55	19	-39	14	
<i>margin</i>	2%	-5%	2%	-5%	2%	



### **Financial Charges**

Financial charges were \$114 million (€81 million) including:

- \$72 million of recurring cost of debt.
- \$42 million of one-off charges: \$25 million in the first quarter and \$17 million in the second quarter.

**Net Income** was a loss of \$75 million (€53 million).

**Net Income attributable to owners of CGGVeritas** was negative at \$82 million (€58 million), after the impact of minority interests of \$8 million, resulting in a negative EPS of -€0.38 per ordinary share and -\$0.54 per ADS.

### **Cash Flow**

#### **Cash Flow from Operations**

Cash flow from operations was \$366 million (€261 million) up 57% year-on-year.

#### **Capex**

Global Capex was \$268 million (€191 million) in the first half of the year, a reduction of 11% year-on-year.

- Industrial Capex was \$179 million (€127 million), an increase of 38% year-on-year.
- Multi-client Capex was \$89 million (€64 million), a reduction of 48% year-on-year with a 75% prefunding rate.

In million \$	Second Half		First Half
	2010	2011	2010
Capex	289	268	302
Industrial	171	179	129
Multi-client	119	89	173

#### **Free Cash Flow**

After interest expenses paid during the first half, net free cash flow was positive at \$58 million (€41 million).

### **Balance Sheet**

#### **Net Debt to Equity Ratio**

On May 31st 2011, we issued a \$650 million principal amount of 6.5% Senior Notes due 2021. The notes were issued at a price of 96.45% of their principal amount, resulting in a yield of 7.0%.

We used the net proceeds of this offering to repay in full the Term Loan B facility and to redeem the remaining \$70 million principal amount of the 7½% Senior Notes due 2015.

Group gross debt was up to \$2.013 billion (€1.393 billion) at the end of June 2011.

Group net debt was up to \$1.492 billion (€1.033 billion), with \$520 million (€360 million) in available cash. Consequently, the net debt to equity ratio was 40% at the end of June.

## First Half 2011 Comparisons with First Half 2010

Consolidated Income Statement In millions	First Half		First Half	
	2011 (\$)	2010 (\$)	2011 (€)	2010 (€)
<i>Exchange rate euro/dollar</i>	1.406	1.348	1.406	1.348
<b>Operating Revenue</b>	<b>1 477.9</b>	<b>1 343.0</b>	<b>1 051.5</b>	<b>996.0</b>
<i>Sercel</i>	541.4	469.0	385.4	349.5
<i>Services</i>	1 065.6	970.9	758.1	718.8
<i>Elimination</i>	-129.1	-97.0	-92.0	-72.3
<b>Gross Profit</b>	<b>200.7</b>	<b>277.4</b>	<b>142.8</b>	<b>205.8</b>
<b>Operating Income</b>	<b>38.6</b>	<b>73.8</b>	<b>27.5</b>	<b>54.8</b>
<i>Sercel</i>	170.9	115.4	121.6	86.0
<i>Services</i>	-55.1	19.2	-39.2	14.2
<i>Corporate and Elimination</i>	-77.2	-60.8	-54.9	-45.4
<b>Financial Items</b>	<b>-113.7</b>	<b>-47.1</b>	<b>-80.9</b>	<b>-35.0</b>
<b>Income Tax</b>	<b>-13.4</b>	<b>-11.7</b>	<b>-9.6</b>	<b>-8.6</b>
<b>Deferred Tax on Currency Translation</b>	<b>6.3</b>	<b>-3.4</b>	<b>4.5</b>	<b>-2.5</b>
<b>Income from Equity Investments</b>	<b>7.7</b>	<b>-2.8</b>	<b>5.5</b>	<b>-2.1</b>
<b>Net Income</b>	<b>-74.5</b>	<b>8.8</b>	<b>-53.0</b>	<b>6.6</b>
<b>Earnings per share (€) / per ADS (\$)</b>	<b>-0.54</b>	<b>0.00</b>	<b>-0.38</b>	<b>0.00</b>
<b>EBITDAs</b>	<b>312.2</b>	<b>341.9</b>	<b>222.1</b>	<b>253.6</b>
<i>Sercel</i>	198.0	139.4	140.9	103.9
<i>Services</i>	188.4	257.0	134.0	190.3
Industrial Capex	179.0	129.3	127.4	96.0
Multi-client Capex	89.4	172.6	63.6	128.0



**CGGVeritas**

**CONSOLIDATED FINANCIAL STATEMENTS**

**June 30 2011**

## CONSOLIDATED BALANCE SHEET

amounts in millions of	June 30, 2011 (unaudited)	
	€	US\$ (1)
<b>ASSETS</b>		
Cash and cash equivalents.....	359.9	520.2
Trade accounts and notes receivable, net .....	559.0	807.9
Inventories and work-in-progress, net .....	289.6	418.6
Income tax assets .....	87.9	127.0
Other current assets, net.....	107.6	155.5
Assets held for sale, net .....	12.8	18.5
<b>Total current assets</b> .....	<b>1,416.8</b>	<b>2,047.7</b>
Deferred tax assets .....	100.1	144.7
Investments and other financial assets, net .....	25.7	37.1
Investments in companies under equity method .....	73.0	105.5
Property, plant and equipment, net .....	828.1	1,196.9
Intangible assets, net .....	657.2	949.9
Goodwill, net .....	1,865.9	2,696.7
<b>Total non-current assets</b> .....	<b>3,550.0</b>	<b>5,130.8</b>
<b>TOTAL ASSETS</b> .....	<b>4,966.8</b>	<b>7,178.5</b>
<b>LIABILITIES AND EQUITY</b>		
Bank overdrafts .....	2.8	4.0
Current portion of financial debt .....	62.2	89.9
Trade accounts and notes payable.....	261.2	377.5
Accrued payroll costs .....	113.4	163.8
Income taxes payable .....	36.6	52.9
Advance billings to customers .....	22.7	32.8
Provisions – current portion .....	33.6	48.6
Other current liabilities .....	218.4	315.8
<b>Total current liabilities</b> .....	<b>750.9</b>	<b>1,085.3</b>
Deferred tax liabilities .....	106.2	153.5
Provisions – non-current portion .....	79.1	114.3
Financial debt .....	1,327.5	1,918.6
Other non-current liabilities .....	34.6	50.1
<b>Total non-current liabilities</b> .....	<b>1,547.4</b>	<b>2,236.5</b>
Common stock 215,096,351 shares authorized and 151,849,901 shares with a €0.40 nominal value issued and outstanding at June 30, 2011; 151,506,109 at December 2010 .....	60.7	87.8
Additional paid-in capital .....	1,970.0	2,847.2
Retained earnings.....	888.1	1,283.5
Treasury shares .....	(13.8)	(19.9)
Net income (loss) for the period attributable to owners of CGGVeritas	(58.0)	(83.7)
Cumulative income and expense recognized directly in equity .....	0.2	0.2
Cumulative translation adjustment .....	(234.3)	(338.7)
<b>Equity attributable to owners of CGGVeritas SA</b> .....	<b>2,612.9</b>	<b>3,776.4</b>
Non controlling interest.....	55.6	80.3
<b>Total equity</b> .....	<b>2,668.5</b>	<b>3,856.7</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....	<b>4,966.8</b>	<b>7,178.5</b>

<sup>(1)</sup> Dollar amounts represent euro amounts converted at the exchange rate of US\$1.445 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, 2011	
	€	US\$ (1)
<b>Operating revenues</b> .....	<b>1,051.5</b>	<b>1,477.9</b>
Other income from ordinary activities .....	1.2	1.7
<b>Total income from ordinary activities</b> .....	<b>1,052.7</b>	<b>1,479.6</b>
Cost of operations .....	(909.9)	(1,278.9)
<b>Gross profit</b> .....	<b>142.8</b>	<b>200.7</b>
Research and development expenses, net .....	(27.0)	(38.0)
Marketing and selling expenses.....	(28.6)	(40.2)
General and administrative expenses.....	(68.1)	(95.7)
Other revenues (expenses), net .....	8.4	11.8
<b>Operating income</b> .....	<b>27.5</b>	<b>38.6</b>
Expenses related to financial debt .....	(68.7)	(96.5)
Income provided by cash and cash equivalents .....	0.9	1.2
<b>Cost of financial debt, net</b> .....	<b>(67.8)</b>	<b>(95.3)</b>
Other financial income (loss) .....	(13.1)	(18.4)
<b>Income (loss) of consolidated companies before income taxes</b> .....	<b>(53.4)</b>	<b>(75.1)</b>
Deferred taxes on currency translation .....	4.5	6.3
Other income taxes .....	(9.6)	(13.4)
<b>Total income taxes</b> .....	<b>(5.1)</b>	<b>(7.1)</b>
<b>Net income (loss) from consolidated companies</b> .....	<b>(58.5)</b>	<b>(82.2)</b>
Share of income (loss) in companies accounted for under equity method .....	5.5	7.7
<b>Net income (loss)</b> .....	<b>(53.0)</b>	<b>(74.5)</b>
<i>Attributable to :</i>		
<i>Owners of CGGVeritas SA</i> .....	(58.0)	(81.5)
<i>Non-controlling interests</i> .....	5.0	7.0
Weighted average number of shares outstanding .....	151,684,340	151,684,340
Dilutive potential shares from stock-options .....	-	-
Dilutive potential shares from free shares.....	-	-
Adjusted weighted average number of shares and assumed option exercises when dilutive .....	151,684,340	151,684,340
<b>Net income (loss) per share attributable to owners of CGGVeritas SA</b>		
Basic .....	(0.38)	(0.54)
Diluted.....	(0.38)	(0.54)

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US\$1.406 per €.

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

	<b>Three months ended June 30, 2011</b>	
	<b>€</b>	<b>US\$ (1)</b>
<b>except per share data, amounts in millions of</b>		
<b>Operating revenues</b> .....	<b>517.2</b>	<b>749.6</b>
Other income from ordinary activities .....	0.5	(0.8)
<b>Total income from ordinary activities</b> .....	<b>517.7</b>	<b>750.4</b>
Cost of operations .....	(445.8)	(646.4)
<b>Gross profit</b> .....	<b>71.9</b>	<b>104.0</b>
Research and development expenses, net .....	(12.2)	(17.8)
Marketing and selling expenses .....	(15.0)	(21.7)
General and administrative expenses .....	(33.7)	(48.7)
Other revenues (expenses), net .....	(0.5)	(0.3)
<b>Operating income</b> .....	<b>10.5</b>	<b>15.5</b>
Expenses related to financial debt .....	(35.7)	(51.6)
Income provided by cash and cash equivalents .....	0.5	0.7
<b>Cost of financial debt, net</b> .....	<b>(35.2)</b>	<b>(50.9)</b>
Other financial income (loss) .....	(2.4)	(3.7)
<b>Income (loss) of consolidated companies before income taxes</b> .....	<b>(27.1)</b>	<b>(39.1)</b>
Deferred taxes on currency translation .....	0.7	1.1
Other income taxes .....	(3.6)	(5.3)
<b>Total income taxes</b> .....	<b>(2.9)</b>	<b>(4.2)</b>
<b>Net income (loss) from consolidated companies</b> .....	<b>(30.0)</b>	<b>(43.3)</b>
Share of income (loss) in companies accounted for under equity method .....	4.0	5.6
<b>Net income</b> .....	<b>(26.0)</b>	<b>(37.7)</b>
<i>Attributable to :</i>		
<i>Owners of CGGVeritas SA</i> .....	(28.2)	(40.9)
<i>Non controlling interests</i> .....	2.2	3.2
Weighted average number of shares outstanding .....	151,806,882	151,806,882
Dilutive potential shares from stock-options .....	-	-
Dilutive potential shares from free shares .....	-	(2)
Adjusted weighted average number of shares and assumed option exercises when dilutive .....	151,806,882	151,806,882
<b>Net income (loss) per share attributable to owners of CGGVeritas SA</b>		
Basic .....	(0.19)	(0.27)
Diluted .....	(0.19)	(0.27)

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

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30, 2011	
	€	US\$ (1)
<b>amounts in millions of</b>		
<b>OPERATING</b>		
Net income (loss).....	(53.0)	(74.5)
Depreciation and amortization .....	119.9	168.5
Multi-client surveys depreciation and amortization .....	69.6	97.8
Variance on provisions.....	(6.7)	(9.4)
Stock based compensation expenses .....	5.1	7.2
Net gain (loss) on disposal of fixed assets .....	(3.3)	(4.6)
Equity income (loss) of investees .....	(5.4)	(7.6)
Dividends received from affiliates.....	4.9	6.9
Other non-cash items .....	(2.4)	(3.4)
<b>Net cash including net cost of financial debt and income tax .....</b>	<b>128.7</b>	<b>180.9</b>
Less net cost of financial debt.....	67.8	95.3
Less income taxes expense .....	5.0	7.0
<b>Net cash excluding net cost of financial debt and income tax .....</b>	<b>201.5</b>	<b>283.2</b>
Income tax paid.....	(33.4)	(46.9)
<b>Net cash before changes in working capital .....</b>	<b>168.1</b>	<b>236.3</b>
- change in trade accounts and notes receivable .....	148.6	208.9
- change in inventories and work-in-progress .....	(33.5)	(47.1)
- change in other current assets .....	17.3	24.3
- change in trade accounts and notes payable .....	(38.0)	(53.4)
- change in other current liabilities .....	(3.4)	(4.8)
Impact of changes in exchange rate on financial items .....	1.6	2.3
<b>Net cash provided by operating activities .....</b>	<b>260.8</b>	<b>366.5</b>
<b>INVESTING</b>		
Total capital expenditures (including variation of fixed assets suppliers, excluding multi-client surveys) .....	(111.8)	(157.1)
Investments in multi-client surveys.....	(63.6)	(89.4)
Proceeds from disposals of tangible and intangible assets .....	4.3	6.0
Total net proceeds from financial assets.....	3.2	4.5
Acquisition of investments, net of cash and cash equivalents acquired .....	(0.5)	(0.7)
Impact of changes in consolidation scope.....	-	-
Variation in loans granted .....	0.8	1.1
Variation in subsidies for capital expenditures.....	-	-
Variation in other non-current financial assets .....	0.6	0.9
<b>Net cash used in investing activities .....</b>	<b>(167.0)</b>	<b>(234.7)</b>
<b>FINANCING</b>		
Repayment of long-term debt.....	(746.1)	(1,048.6)
Total issuance of long-term debt.....	761.2	1,069.8
Lease repayments.....	(19.7)	(27.7)
Change in short-term loans .....	(1.5)	(2.1)
Financial expenses paid .....	(44.5)	(62.5)
<i>Net proceeds from capital increase</i>		
- from shareholders.....	2.3	3.2
- from non controlling interests of integrated companies .....	-	-
<i>Dividend paid and share capital reimbursements</i>		
- to shareholders .....		
-to non-controlling interests of integrated companies .....	(2.7)	(3.9)
Acquisition /disposal from treasury shares.....		
<b>Net cash provided by (used in) financing activities .....</b>	<b>(51.1)</b>	<b>(71.8)</b>
Effects of exchange rate on cash.....	(18.7)	11.4
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>24.0</b>	<b>71.4</b>
<b>Cash and cash equivalents at beginning of year.....</b>	<b>335.9</b>	<b>448.8</b>
<b>Cash and cash equivalents at end of period .....</b>	<b>359.9</b>	<b>520.2</b>

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US\$1.406 per € (except cash and cash equivalents balances converted at the closing exchange rate of US\$1.445 per € at June 30, 2011 and of US\$1.398 per € at December 31, 2010).



### Analysis by operating segment

(in millions of euros)	Six months ended June 30, 2011			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
<b>Revenues from unaffiliated customers</b> .....	<b>758.1</b>	<b>293.4</b>	-	<b>1,051.5</b>
Inter-segment revenues .....		92.0	(92.0)	-
<b>Operating revenues</b> .....	<b>758.1</b>	<b>385.4</b>	<b>(92.0)</b>	<b>1,051.5</b>
Other income from ordinary activities .....	-	1.2	-	1.2
<b>Total income from ordinary activities</b> ..	<b>758.1</b>	<b>386.6</b>	<b>(92.0)</b>	<b>1,052.7</b>
<b>Operating income (loss)</b> .....	<b>(39.2)</b>	<b>121.6</b>	<b>(54.9)</b>	<b>27.5</b>
Equity in income (loss) of investees .....	5.5	-	-	5.5
Capital expenditures .....	183.2	7.8	-	191.0
Depreciation and amortization .....	171.9	18.3	(0.7)	189.5
Investments in companies under equity method .....	3.4			3.4
<b>Identifiable assets</b> .....	<b>3,943.1</b>	<b>815.5</b>	<b>(232.5)</b>	<b>4,539.1</b>
Unallocated and corporate assets .....				437.7
<b>Total Assets</b> .....				<b>4,966.8</b>

(in millions of US\$)	Six months ended June 30, 2011			
	Services (1)	Equipment (2)	Eliminations and Adjustments	Consolidated Total (3)
<b>Revenues from unaffiliated customers</b> .....	<b>1,065.6</b>	<b>412.3</b>	-	<b>1,477.9</b>
Inter-segment revenues .....	0.5	129.2	(129.7)	-
<b>Operating revenues</b> .....	<b>1,066.1</b>	<b>541.5</b>	<b>(129.7)</b>	<b>1,477.9</b>
Other income from ordinary activities .....	-	1.7	-	1.7
<b>Total income from ordinary activities</b> .....	<b>1,066.1</b>	<b>543.2</b>	<b>(129.7)</b>	<b>1,479.6</b>
<b>Operating income (loss)</b> .....	<b>(55.1)</b>	<b>170.9</b>	<b>(77.3)</b>	<b>38.5</b>

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US\$1.406 per € in 2011 for the Services segment.

(2) Dollar amounts were converted at the average exchange rate of US\$1.405 per € in 2011 for the Equipment segment.

(3) Dollar amounts for the Consolidated total were converted at the average exchange rate of US\$1.406 per € in 2011, 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, 2011			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
<b>Revenues from unaffiliated customers</b> ....	<b>367.1</b>	<b>150.1</b>	-	<b>517.2</b>
Inter-segment revenues .....	-	33.7	(33.7)	-
<b>Operating revenues</b> .....	<b>367.1</b>	<b>183.8</b>	<b>(33.7)</b>	<b>517.2</b>
Other income from ordinary activities .....	-	0.5	-	0.5
<b>Total income from ordinary activities</b> .....	<b>367.1</b>	<b>184.3</b>	<b>(33.7)</b>	<b>517.7</b>
<b>Operating income (loss)</b> .....	<b>(20.3)</b>	<b>52.3</b>	<b>(21.5)</b>	<b>10.5</b>
Equity in income (loss) of investees .....	4.1	-	-	4.1
Capital expenditures .....	97.5	3.8	-	101.3
Depreciation and amortization.....	84.6	8.8	(0.3)	93.1
Investments in companies under equity method .....	3.4			3.4

(in millions of US\$)	Three months ended June 30, 2011 (1)			
	Services	Equipment	Eliminations and Adjustments	Consolidated Total
<b>Revenues from unaffiliated customers</b> .....	<b>532.7</b>	<b>216.9</b>	-	<b>749.6</b>
Inter-segment revenues .....	-	49.8	(49.8)	-
<b>Operating revenues</b> .....	<b>532.7</b>	<b>266.7</b>	<b>(49.8)</b>	<b>749.6</b>
Other income from ordinary activities .....	-	0.8	-	0.8
<b>Total income from ordinary activities</b> .....	<b>532.7</b>	<b>267.5</b>	<b>(49.8)</b>	<b>750.4</b>
<b>Operating income (loss)</b> .....	<b>(29.3)</b>	<b>76.4</b>	<b>(31.6)</b>	<b>15.5</b>

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