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

(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 __X__ 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 __X__

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82 - ____________.)

TO BE FILED WITH THE SEC

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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:

- developments affecting our international operations;
- difficulties and delays in achieving synergies and cost savings;
- our substantial indebtedness;
- changes in international economic and political conditions and, in particular, in oil and gas prices;
- exposure to credit risk of customers;
- exposure to the interest rate risk;
- exposure to the foreign exchange rate risk;
- exposure to credit risk and counter-party risk;
- our ability to finance our operations on acceptable terms;
- the timely development and acceptance of our new products and services;
- the complexity of products sold;
- changes in demand for seismic products and services;
- the effects of competition;
- the social, political and economic risks of our global operations;
- the costs and risks associated with pension and post-retirement benefits obligations;
- changes to existing regulations or technical standards;
- existing or future litigation;
- difficulties and costs in protecting intellectual property rights and exposure to infringement claims by others;
- the costs of compliance with environmental, health and safety laws;
- the timing and extent of changes in currency exchange rates 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, including Veritas;
- our ability to monitor existing and targeted partnerships;
- 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.

Certain of these risks can be found in our annual report on Form 20-F for the year ended December 31, 2007 that we filed with the SEC on April 23, 2008. Our annual report on Form 20-F is available on our website at www.cggveritas.com or on the website maintained by the SEC at www.sec.gov. You may request a copy of our annual report on Form 20-F, which includes our complete audited financial statements, at no charge, by calling our investor relations department at + 33 1 6447 3831, sending an electronic message to invrelparis@cggveritas.com or invrelhouston@cggveritas.com or writing to CGG Veritas – Investor Relations Department, Tour Maine Montparnasse – 33, avenue du Maine – 75015 Paris, France.

Item 1: FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

	September 30, 2008 (unaudited)		December 31, 2007	
amounts in millions of	**€**	**U.S.$ (1)**	**€**	**U.S.$ (2)**
ASSETS				
Cash and cash equivalents	317.5	454.1	254.3	374.4
Trade accounts and notes receivable, net	714.6	1,022.1	601.9	886.1
Inventories and work-in-progress, net	266.6	381.3	240.2	353.6
Income tax assets	38.1	54.5	34.6	50.9
Other current assets, net	82.3	117.6	89.6	131.9
Assets held for sale	9.4	13.4	-	-
Total current assets	**1,428.5**	**2,043.0**	**1,220.6**	**1,796.9**
Deferred tax assets	83.7	119.6	81.4	119.8
Investments and other financial assets, net	24.7	35.3	32.0	47.1
Investments in companies under equity method	46.7	66.8	44.5	65.5
Property, plant and equipment, net	644.6	922.0	660.0	971.6
Intangible assets, net	784.4	1,121.9	680.5	1,001.8
Goodwill	2,001.0	2,862.0	1,928.0	2,838.2
Total non-current assets	**3,585.1**	**5,127.6**	**3,426.4**	**5,044.0**
TOTAL ASSETS	**5,013.6**	**7,170.6**	**4,647.0**	**6,840.9**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Bank overdrafts	8.0	11.5	17.5	25.8
Current portion of financial debt	89.6	128.2	44.7	65.8
Trade accounts and notes payable	257.1	367.7	256.4	377.4
Accrued payroll costs	116.9	167.2	113.2	166.4
Income taxes liability	78.7	112.6	59.1	87.1
Advance billings to customers	46.8	67.0	51.9	76.4
Provisions – current portion	9.9	14.0	9.6	14.2
Other current liabilities	124.9	178.6	109.0	160.5
Total current liabilities	**731.9**	**1,046.8**	**661.4**	**973.6**
Deferred tax liabilities	166.4	237.9	157.7	232.2
Provisions – non-current portion	84.7	121.0	76.5	112.7
Financial debt	1,318.9	1,886.4	1,298.8	1,912.0
Other non-current liabilities	27.5	39.3	27.0	39.7
Total non-current liabilities	**1,597.5**	**2,284.6**	**1,560.0**	**2,296.6**
Common stock: 275,605,504 shares authorized 137,690,136 shares with a €0.40 nominal value issued and outstanding at September 30, 2008; 137,253,790 at December 31, 2007 (3)	55.1	78.8	54.9	80.8
Additional paid-in capital	1,822.0	2,606.0	1,820.0	2,679.2
Retained earnings	801.2	1,146.0	538.6	792.9
Treasury shares	(14.9)	(21.3)	(3.9)	(5.7)
Net income (loss) for the period – Attributable to the Group	213.5	305.4	245.5	360.8
Income and expense recognized directly in equity	(29.7)	(42.6)	(5.1)	(7.5)
Cumulative translation adjustment	(201.3)	(287.9)	(248.4)	(365.1)
Total shareholders' equity	**2,645.9**	**3,784.4**	**2,401.6**	**3,535.4**
Minority interests	38.3	54.8	24.0	35.3
Total shareholders' equity and minority interests	**2,684.2**	**3,839.2**	**2,425.6**	**3,570.7**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**5,013.6**	**7,170.6**	**4,647.0**	**6,840.9**

(1) Dollar amounts represent euro amounts converted at the exchange rate of US$1.430 per € on the balance sheet date.
(2) Dollar amounts represent euro amounts converted at the exchange rate of US$1.472 per € on the balance sheet date.
(3) Number of shares at December 31, 2007 has been restated to reflect the five-for-one stock split on June 3, 2008.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

except per share data, amounts in millions of	Three months ended September 30, 2008 €	2008 U.S.$ [1]	2007 €	2007 U.S.$ [1]
Operating revenues	**691.6**	**1,062.2**	**607.2**	**828.6**
Other income from ordinary activities	0.4	0.5	(0.2)	(0.2)
Income from ordinary activities	**692.0**	**1,062.7**	**607.0**	**828.4**
Cost of operations	(445.1)	(683.7)	(431.5)	(588.3)
Gross profit	**246.9**	**379.0**	**175.5**	**240.1**
Research and development expenses — net	(11.3)	(17.4)	(12.2)	(16.7)
Selling, general and administrative expenses	(59.5)	(91.5)	(51.6)	(70.7)
Other revenues (expenses) — net	(1.3)	(2.0)	3.0	4.1
Operating income before reduction of goodwill	**174.8**	**268.1**	**114.7**	**156.8**
Reduction of goodwill	(2.0)	(3.0)	-	-
Operating income	**172.8**	**265.1**	**114.7**	**156.8**
Expenses related to financial debt	(21.8)	(33.4)	(27.3)	(37.4)
Income provided by cash and cash equivalents	3.1	4.8	2.2	3.0
Cost of financial debt, net	**(18.7)**	**(28.6)**	**(25.1)**	**(34.4)**
Other financial income (loss)	4.0	6.1	(2.9)	(3.8)
Income of consolidated companies before income taxes	**158.1**	**242.6**	**86.7**	**118.6**
Deferred taxes on currency translation	(4.6)	(7.1)	6.6	8.9
Other income taxes	(47.5)	(72.9)	(25.9)	(35.7)
Income taxes	**(52.1)**	**(80.0)**	**(19.3)**	**(26.8)**
Net income from consolidated companies	**106.0**	**162.6**	**67.4**	**91.8**
Equity in income of investees	(0.6)	(0.9)	1.3	1.7
Net income	**105.4**	**161.7**	**68.7**	**93.5**
Attributable to :				
Shareholders	102.1	156.6	69.6	94.7
Minority interest	3.3	5.1	(0.9)	(1.2)
Weighted average number of shares outstanding	137,687,693	137,687,693	137,031,578	137,031,578
Dilutive potential shares from stock-options	596,184	596,184	1,166,243	1,166,243
Dilutive potential shares from free shares	648,938	648,938	554,063	554,063
Adjusted weighted average number of shares and assumed option exercises when dilutive	138,932,815	138,932,815	138,751,884	138,751,884
Net earning per share attributable to shareholders				
Basic	0.74	1.14	0.51	0.69
Diluted	0.73	1.13	0.50	0.68

(1) Corresponding to the nine months ended September 30 in US dollars less the six months ended June 30 in US dollars.

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

Financial data for the nine months ended September 30, 2007 include Veritas results beginning January 12, 2007, the date of the merger between CGG and Veritas.

	Nine months ended September 30,			
	2008		2007	
except per share data, amounts in millions of	**€**	**U.S.$ (1)**	**€**	**U.S.$ (2)**
Operating revenues	**1,835.6**	**2,809.1**	**1,770.5**	**2,374.6**
Other income from ordinary activities	0.7	1.1	0.3	0.3
Income from ordinary activities	**1,836.3**	**2,810.2**	**1,770.8**	**2,374.9**
Cost of operations	(1,233.3)	(1,887.3)	(1,213.9)	(1,628.1)
Gross profit	**603.0**	**922.9**	**556.9**	**746.8**
Research and development expenses — net	(35.5)	(54.3)	(42.9)	(57.5)
Selling, general and administrative expenses	(182.5)	(279.4)	(167.7)	(225.0)
Other revenues (expenses) — net	9.2	14.0	12.4	16.7
Operating income before reduction of goodwill	**394.2**	**603.2**	**358.7**	**481.0**
Reduction of goodwill	(2.0)	(3.0)		
Operating income	**392.2**	**600.2**	**358.7**	**481.0**
Expenses related to financial debt	(67.1)	(102.7)	(95.4)	(127.9)
Income provided by cash and cash equivalents	7.3	11.0	10.3	13.8
Cost of financial debt, net	**(59.8)**	**(91.7)**	**(85.1)**	**(114.1)**
Variance on derivative on convertible bonds	-	-	-	-
Other financial income (loss)	2.9	4.5	(2.5)	(3.3)
Income of consolidated companies before income taxes	**335.3**	**513.0**	**271.1**	**363.6**
Deferred taxes on currency translation	(4.7)	(7.1)	9.4	12.6
Other income taxes	(111.8)	(171.1)	(100.7)	(135.1)
Income taxes	**(116.5)**	**(178.2)**	**(91.3)**	**(122.5)**
Net income from consolidated companies	**218.8**	**334.8**	**179.8**	**241.1**
Equity in income of investees	2.4	3.7	2.5	3.4
Net income	**221.2**	**338.5**	**182.3**	**244.5**
Attributable to :				
Shareholders	213.5	326.7	179.6	240.9
Minority interest	7.7	11.8	2.7	3.6
Weighted average number of shares outstanding	137,498,471	137,498,471	133,691,860	133,691,860
Dilutive potential shares from stock-options	692,047	692,047	1,002,475	1,002,475
Dilutive potential shares from free shares	648,938	648,938	554,063	554,063
Adjusted weighted average number of shares and assumed option exercises when dilutive	138,839,456	138,839,456	135,248,398	135,248,398
Net earning per share attributable to shareholders				
Basic	1,55	2.38	1.34	1.80
Diluted	1,54	2.35	1.33	1.78

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of U.S.$1.530 per €.
(2) Dollar amounts represent euro amounts converted at the average exchange rate for the period of U.S.$1.341 per €.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

Financial data for the nine months ended September 30, 2007 include Veritas results beginning January 12, 2007, the date of the merger between CGG and Veritas.

	Nine months ended September 30,			
	2008		2007	
amounts in millions of	€	U.S.$ [(1)]	€	U.S.$ [(2)]
OPERATING				
Net income	221.2	338.5	182.3	244.5
Depreciation and amortization	155.0	237.2	139.0	186.4
Multi-client surveys amortization	186.2	284.9	227.2	304.7
Variance on provisions	5.5	8.4	4.9	6.6
Expense & income calculated on stock-option	17.7	27.1	14.4	19.3
Net gain on disposal of fixed assets	(1.4)	(2.1)	-	-
Equity in income of affiliates	(2.4)	(3.7)	(2.5)	(3.4)
Dividends received from affiliates	1.1	1.7	5.2	7.0
Other non-cash items	(5.5)	(8.4)	(7.8)	(10.4)
Net cash including net cost of financial debt and income taxes	**577.4**	**883.6**	**562.7**	**754.7**
Less net cost of financial debt	59.9	91.7	85.1	114.1
Less income taxes expenses	116.5	178.3	91.3	122.5
Net cash excluding net cost of financial debt and income taxes	**753.8**	**1,153.6**	**739.1**	**991.3**
Income taxes paid	(100.9)	(154.5)	(102.2)	(137.1)
Net cash before changes in working capital	**652.9**	**999.1**	**636.9**	**854.2**
- change in trade accounts and notes receivables	(118.5)	(181.3)	(128.3)	(172.1)
- change in inventories and work-in-progress	(22.4)	(34.3)	(14.1)	(18.9)
- change in other currents assets	28.5	43.6	6.9	9.3
- change in trade accounts and notes payable	(11.4)	(17.4)	(43.5)	(58.3)
- change in other current liabilities	(12.0)	(18.4)	14.7	19.7
Impact of changes in exchange rate	11.6	17.8	(13.2)	(17.8)
Net cash provided by operating activities	**528.7**	**809.1**	**459.4**	**616.1**
INVESTING				
Total purchases of tangible and intangible assets (included variation of fixed assets suppliers))	(118.8)	(181.8)	(187.4)	(251.3)
Increase in multi-client surveys	(283.4)	(433.7)	(278.4)	(373.4)
Proceeds from disposals tangible and intangible	0.7	1.1	25.4	34.1
Proceeds from financial assets	8.8	13.5	-	-
Acquisition of investments, net of cash & cash equivalents acquired [(3)]	(21.4)	(32.7)	(1,051.7)	(1,410.5)
Variation in loans granted	(5.5)	(8.4)	(0.5)	(0.7)
Variation in subsidies for capital expenditures	(0.1)	(0.2)	(0.1)	(0.1)
Variation in other financial assets	(2.0)	(3.1)	17.0	22.7
Net cash from investing activities	**(421.7)**	**(645.3)**	**(1,475.7)**	**(1,979.2)**
FINANCING				
Repayment of long-term debts	(18.1)	(27.7)	(627.5)	(841.6)
Total issuance of long-term debts	37.0	56.6	1,734.9	2,326.8
Reimbursement on leasing	(5.6)	(8.6)	(8.1)	(10.9)
Change in short-term loans	(9.4)	(14.4)	8.2	11.0
Financial interest paid	(45.5)	(69.6)	(87.3)	(117.1)
Net proceeds from capital increase				
- from shareholders [(3)]	2.5	3.8	8.1	10.9
Dividends paid and share capital reimbursements				
- from minority interest of integrated companies	(1.4)	(2.1)	(6.1)	(8.1)
Buying & sales of own shares	(10.9)	(16.7)	0.7	0.9
Net cash provided by financial activities	**(51.4)**	**(78.7)**	**1,022.9**	**1,371.9**
Effects of exchange rate changes on cash	7.6	(5.4)	(12.2)	8.7
Net increase (decrease) in cash and cash equivalents	**63.2**	**79.7**	**(5.6)**	**17.5**
Cash and cash equivalents at beginning of year	**254.3**	**374.4**	**251.8**	**331.6**
Cash and cash equivalents at end of period	**317.5**	**454.1**	**246.2**	**349.1**

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of U.S.$1.530 per € (except cash and cash equivalents balances converted at the closing exchange rate of U.S.$1.430 per € at September 30, 2008 and of U.S.$1.472 per € at December 31, 2007).

(2) Dollar amounts represent euro amounts converted at the average exchange rate for the period of U.S.$1.341 per € (except cash and cash equivalents balances converted at the closing exchange rate of U.S.$1.418 per € at September 30, 2007 and of U.S.$1.317 per € at December 31, 2006).

(3) At September 30, 2007, the capital increase related to the acquisition of Veritas has been reclassified from “Net proceeds from capital increase” to “Total net acquisition of Investments” to harmonize the presentation of the cash flow statement with our annual report Form 20-F for the year ended December 31, 2007.

Statement of income and expenses attributable to shareholders

	September 30, 2008	September 30, 2007
	(amounts in millions of euros)	
Net income	213.5	179.6
— Change in actuarial gains and losses on pension plan	(0.6)	(1.1)
— Change in fair value of available-for-sale investments (1)	(14.5)	-
— Change in fair value of hedging instruments	(10.1)	(1.2)
— Change in foreign currency translation adjustment	47.1	(133.1)
Income and expenses recognized directly in equity for the period	**235.4**	**44.2**

(1) The change in fair value of available for sale investments corresponds to the fair value adjustment of our shareholding in Offshore Hydrocarbon Mapping ("OHM"). Because its shares are listed on the Alternative Investment Market (London Stock Exchange), OHM is recognized at the fair value based on closing share price of 0.23 GBP as of September 30, 2008. In light of the current market turmoil, we have considered that the decrease in value of OHM's share price at September 30, 2008 does not reflect a permanent loss in value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Compagnie Générale de Géophysique Veritas, S.A. (the "Company") and its subsidiaries (together, the "Group") is a global participant in the geophysical seismic industry, as a manufacturer of geophysical equipment and providing a wide range of services (seismic data acquisition and related processing and interpretation software) principally to clients in the oil and gas exploration and production business.

Given that the Company is listed on Euronext Paris and pursuant to European regulation n°1606/2002 dated July 19, 2002, the accompanying interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations as issued by the International Accounting Standards Board ("IASB"). These interim consolidated financial statements are also in accordance with IFRS adopted by the European Union at September 30, 2008 and are available on the following web site http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that have been measured at fair value.

Critical accounting policies

The interim condensed consolidated financial statements for the nine months ended September 30, 2008 have been prepared in accordance with IAS 34 - Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at and for the year ended December 31, 2007 included in its report on Form 20-F for the year 2007 filed with the SEC on April 23, 2008.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2007, except for the following adoption of new Standards and Interpretations: IFRIC11-Group and Treasury Share Transactions.

These principles do not differ from IFRS issued by the IASB as long as the adoption of the interpretations listed below, effective since January 1, 2008 or July 1, 2008 but not yet adopted by the European Union, has no significant impact on the Group interim condensed consolidated financial statements:

- IFRIC 12 - Service concession arrangements
- IFRIC 14 - The limit on a defined benefit asset, minimum funding requirements and their interaction
- IFRIC 13 - Customer Loyalty Programs (effective July 1, 2008).

At the date of issuance of these financial statements, the following Standards and Interpretations were issued but not yet effective:

- IAS 1 revised - Presentation of Financial Statements
- IAS 23 revised - Borrowing costs
- IFRS 8 - Operating segments
- IFRS 3 revised - Business Combinations
- IAS 27 amended - Cost of an investment in a subsidiary, jointly controlled entity or associate
- IFRS 2 amended - Vesting conditions and cancellations
- IAS 32 amended - Puttable Financial Instruments and Obligations arising on liquidation
- IAS 39 - Eligible Hedged items
- IFRIC 15 - Agreements for the Construction of Real Estate
- IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

We have not opted for the early adoption of these Standards, Amendments and Interpretations and we are currently reviewing them to measure the potential impact on our interim condensed consolidated financial statements. At this stage, we do not anticipate any significant impact.

Operating revenues

Operating revenues are recognized when they can be measured reliably, and when it is likely that the economic benefits associated with the transaction will flow to the entity, which is at the point that such revenues have been realized or are considered realizable. For contracts where the percentage of completion method of accounting is being applied, revenues are only recognized when the costs incurred for the transaction and the cost to complete the transaction can be measured reliably and such revenues are considered earned and realizable.

• *Multi-client surveys*

Multi-client surveys consist of seismic surveys to be licensed to customers on a non-exclusive basis. All costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalized into the multi-client surveys. The value of our multi-client library is stated on our balance sheet at the aggregate of those costs less accumulated amortization or at fair value if lower. We review the library for potential impairment of our independent surveys on an ongoing basis.

Revenues related to multi-client surveys result from (i) pre-commitments and (ii) licenses after completion of the surveys ("after-sales").

Pre-commitments — Generally, we obtain commitments from a limited number of customers before a seismic project is completed. These pre-commitments cover part or all of the survey area blocks. In return for the commitment, the customer typically gains the right to direct or influence the project specifications, advance access to data as it is being acquired, and favorable pricing. The Company records payments that it receives during periods of mobilization as advance billing in the balance sheet in the line item "Advance billings to customers".

The Company recognizes pre-commitments as revenue when production is begun based on the physical progress of the project.

After sales — Generally, we grant a license entitling non-exclusive access to a complete and ready-for-use, specifically defined portion of our multi-client data library in exchange for a fixed and determinable payment. We recognize after sales revenue upon the client executing a valid license agreement and having been granted access to the data. Within thirty days of execution and access, the client may exercise our warranty that the medium on which the data is transmitted (a magnetic cartridge) is free from technical defects. If the warranty is exercised, the Company will provide the same data on a new magnetic cartridge. The cost of providing new magnetic cartridges is negligible.

After sales volume agreements—We enter into a customer arrangement in which we agree to grant licenses to the customer for access to a specified number of blocks of the multi-client library. These arrangements typically enable the customer to select and access the specific blocks for a limited period of time. We recognize revenue when the blocks are selected and the client has been granted access to the data and if the corresponding revenue can be reliably estimated. Within thirty days of execution and access, the client may exercise our warranty that the medium on which the data is transmitted (a magnetic cartridge) is free from technical defects. If the warranty is exercised, the Company will provide the same data on a new magnetic cartridge. The cost of providing new magnetic cartridges is negligible.

• *Exclusive surveys*

In exclusive surveys, we perform seismic services (acquisition and processing) for a specific customer. We recognize proprietary/contract revenues as the services are rendered. We evaluate the progress to date, in a manner generally consistent with the physical progress of the project, and recognize revenues based on the ratio of the project cost incurred during that period to the total estimated project cost. We believe this ratio to be generally consistent with the physical progress of the project.

The billings and the costs related to the transit of seismic vessels at the beginning of the survey are deferred and recognized over the duration of the contract by reference to the technical stage of completion.

In some exclusive survey contracts and a limited number of multi-client survey contracts, the Company is required to meet certain milestones. The Company defers recognition of revenue on such contracts until all milestones that provide the customer a right of cancellation or refund of amounts paid have been met.

• *Other geophysical services*

Revenues from our other geophysical services are recognized as the services are performed and, when related to long-term contracts, using the proportional performance method of recognizing revenues.

• *Equipment sales*

We recognize revenues on equipment sales upon delivery to the customer. Any advance billings to customers are recorded in current liabilities.

• *Software and hardware sales*

We recognize revenues from the sale of software and hardware products following acceptance of the product by the customer at which time we have no further significant vendor obligations remaining. Any advance billings to customers are recorded in current liabilities.

If an arrangement to deliver software, either alone or together with other products or services, requires significant production, modification, or customization of software, the entire arrangement is accounted for as a production-type contract, i.e. using the percentage of completion method.

If the software arrangement provides for multiple deliverables (e.g. upgrades or enhancements, post-contract customer support such as maintenance, or services), the revenue is allocated to the various elements based on specific objective evidence of fair value, regardless of any separate allocations stated within the contract for each element. Each element is appropriately accounted for under the applicable accounting standard.

Maintenance revenues consist primarily of post contract customer support agreements and are recorded as advance billings to customers and recognized as revenue on a straight-line basis over the contract period.

Multi-client surveys

Multi-client surveys consist of seismic surveys to be licensed to customers on a non-exclusive basis. All costs directly incurred in acquiring, processing and otherwise completing seismic surveys are capitalized into the multi-client surveys (including transit costs when applicable). The value of our multi-client library is stated on our balance sheet at the aggregate of those costs less accumulated amortization or at fair value if lower. We review the library for potential impairment of our independent surveys on an ongoing basis.

We amortize the multi-client surveys over the period during which the data is expected to be marketed using a pro-rata method based on recognized revenues as a percentage of total estimated sales.

In this respect, we use four amortization rates: 50%, 75%, 80% or 83.3% of revenues depending on the category of the surveys.

Multi-client surveys are classified into a same category when they are located in the same area with the same estimated sales ratio, such estimates generally relying on the historical pattern.

For all categories of surveys and starting from data delivery, a minimum straight-line depreciation scheme is applied over a five-year period, if total accumulated depreciation from the applicable amortization rate is below this minimum level.

Multi-client surveys acquired as part of the business combination with Veritas and which have been valued for purchase price allocation purposes are amortized based on 65% of revenues and an impairment loss is recognized on a survey-by-survey basis in case of any indication of impairment.

From January 12, 2007 to October 1, 2007, we applied an amortization rate of 66.6% of revenues instead of 50% for a certain category of surveys. The impact of this change of estimates applied from October 1, 2007 was a reduction in depreciation expenses of €3.1 million for the year ended December 31, 2007.

Development costs

Expenditures on research activities undertaken with the prospect of gaining new scientific or technological knowledge and understanding are recognized in the income statement as expenses as incurred and are presented as “Research and development expenses, net”.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if:

— the project is clearly defined, and costs are separately identified and reliably measured,

— the product or process is technically and commercially feasible,

— we have sufficient resources to complete development, and

— the intangible asset is likely to generate future economic benefits, either because it is useful to us or through an existing market for the intangible asset itself or for its products.

The expenditures capitalized include the cost of materials, direct labor and an appropriate proportion of overhead. Other development expenditures are recognized in the income statement as expenses as incurred and are presented as "Research and development expenses, net".

Capitalized development expenditures are stated at cost less accumulated amortization and impairment losses. We amortize capitalized developments costs over 5 years.

Research & development expenses in our income statement represent the net cost of development costs that are not capitalized, of research costs, offset by government grants acquired for research and development.

NOTE 2— ACQUISITIONS AND DIVESTITURES

On May 26, 2008, Sercel acquired Metrolog, a privately held company, for €25.7 million paid in cash (including advisory and legal fees). Metrolog is a leading provider of high pressure, high temperature gauges and other downhole instruments to the oil and gas industry. The acquisition is expected to be accretive to Sercel and to CGGVeritas earnings per share (EPS) in 2008. The purchase price allocation resulted in a preliminary goodwill of €14.3 million.

On June 16, 2008, a new subsidiary, CGGVeritas Technology Services (Beijing) Co. Ltd., fully owned by the Group, was created in China. This high profile technology centre will encompass the following activities: research & development and relationships with Chinese scientific organizations, high end processing services, "Geopromote" and GSS / Hardware and Software Support Services.

On June 25, 2008, in conjunction with the Oman business transfer from Veritas DGC Ltd to Ardiseis FZCO, CGG Veritas SA subscribed to the increase of 805 shares in the capital of its subsidiary Ardiseis FZCO, and sold 407 Ardiseis FZCO shares to Industrialization & Energy Services Company (TAQA) for a total consideration of U.S.$11.8 million. At the end of this transaction the Group's percentage interest in Ardiseis remained unchanged at 51%.

NOTE 3— COMMON STOCK AND STOCK OPTIONS PLANS

As of September 30, 2008, the Company's share capital consisted of 137,690,136 shares, each with a nominal value of €0.40.

Five-for-one stock split

On June 3, 2008 at the opening of the Paris stock exchange, CGGVeritas implemented a five-for-one stock split. As a consequence:

- the market price of CGGVeritas shares listed on Euronext Paris was divided by 5;
- the number of outstanding shares was multiplied by 5;
- the par value of each share decreased from €2.00 to €0.40 each; and
- an ADS listed on the NYSE has one-to-one parity with an ordinary share listed on Euronext Paris.

This transaction did not require any specific formalities from CGGVeritas shareholders and did not involve additional costs.

Stock options

In addition to the existing stock-options plans, on March 14, 2008, the Board of directors decided to allocate 1,188,500 stock-options to senior executives and other employees of the Group. The subscription price was set at €32.57. These options have an eight-year duration. They are vested by one-third each year over a three-year period and can be exercised at any time. However, French tax residents must keep the shares they receive as a result of the options exercised in registered form from the exercise date until March 14, 2012. Except in limited circumstances set forth in the plan regulations, employees leaving the Group will lose their vested unexercised options if they are not exercised before the end of the notice period.

Performance shares

In addition to our 2006 and 2007 performance share allocation plans, on March 14, 2008, the Board of Directors decided to allocate a maximum amount of 459,250 performance shares to senior executives and certain other employees of the Group. These shares will be allocated at the end of a two-year allocation period expiring on the later of March 14, 2010 or the date of the shareholders' meeting convened to approve the 2009 financial statements.

Such allocation will be final provided (i) the Board resolves that the performance conditions provided for by the plan regulations, i.e. the achievement in fiscal years 2008 and 2009 of a minimum average consolidated net earning per share and an average operating income of either the Group, the Services segment or the Equipment segment, depending upon the segment to which each beneficiary belongs, and (ii) the beneficiary is still an employee or officer of the Group upon final allocation of the shares. The allocated shares will have to be kept in registered form for a two-period as from the allocation date before they can be sold.

The Board of Directors meeting held on April 29, 2008 resolved that the performance conditions set forth by the general regulations of the plan dated May 11, 2006 had been fulfilled and, as a result, finally allocated the performance shares to those beneficiaries that were employees or officers of the company or one of its subsidiaries at the time of the final allocation, i.e. May 12, 2008. 45,700 shares were thus allocated.

Statement of changes in equity

(Unaudited)	Number of shares issued (b)	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
	(amounts in million of euros, except share data)									
Balance at January 1, 2007	**87,989,440**	**35.2**	**394.9**	**477.7**	**3.0**	**4.8**	**(38.6)**	**877.0**	**22.9**	**899.9**
Capital increase	49,264,350	19.7	1,425.1	44.1				1,488.9		1,488.9
Net income				245.5				245.5	4.1	249.6
Cost of share-based payment				20.6				20.6		20.6
Operations on treasury shares					(6.9)			(6.9)		(6.9)
Actuarial gains and losses of pension plans (1) (a)				*(3.8)*				*(3.8)*		*(3.8)*
Financial instruments: change in fair value and transfer to income statement(2) (a)						*(9.9)*		*(9.9)*		*(9.9)*
Foreign currency translation: change in fair value and transfer to income statement(3)							*(209.8)*	*(209.8)*	*(2.5)*	*(212.3)*
Income and expense recognized directly in equity (1) + (2) + (3)				(3.8)		(9.9)	(209.8)	(223.5)	(2.5)	(226.0)
Changes in consolidation scope									(0.5)	(0.5)
Balance at December 31, 2007	**137,253,790**	**54.9**	**1,820.0**	**784.1**	**(3.9)**	**(5.1)**	**(248.4)**	**2,401.6**	**24.0**	**2,425.6**
Capital increase	436,346	0.2	2.0					2.2		2.2
Net income				213.5				213.5	7.7	221.2
Cost of share-based payment				17.7				17.7	(1.4)	16.3
Operations on treasury shares					(11.0)			(11.0)		(11.0)
Actuarial gains and losses of pension plans (1) (a)				*(0.6)*				*(0.6)*		*(0.6)*
Financial instruments: change in fair value and transfer to income statement(2) (a)						*(24.6)*		*(24.6)*		*(24.6)*
Foreign currency translation: change in fair value and transfer to income statement(3) (a)							*47.1*	*47.1*	*2.8*	*49.9*
Income and expense recognized directly in equity (1) + (2) + (3)				(0.6)		(24.6)	47.1	21.9	2.8	24.7
Others									5.2	5.2
Balance at September 30, 2008	**137,690,136**	**55.1**	**1,822.0**	**1,014.7**	**(14.9)**	**(29.7)**	**(201.3)**	**2,645.9**	**38.3**	**2,684.2**

(a) Net of deferred tax
(b) Number of shares as at January 1, 2007 and December 31, 2007 has been restated to reflect the five-for-one stock split

NOTE 4— ANALYSIS BY OPERATING SEGMENT AND GEOGRAPHIC AREA

Financial information by operating segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of CGG Veritas. We divide our business into two operating segments, geophysical services and geophysical equipment.

Our geophysical services segment comprises:

- Land contract: seismic data acquisition for land, transition zones and shallow water undertaken by us on behalf of a specific client;
- Marine contract: seismic data acquisition offshore undertaken by us on behalf of a specific client;
- Multi-client land and marine: seismic data acquisition undertaken by us and licensed to a number of clients on a non-exclusive basis; and
- Processing & Imaging: processing and imaging and interpretation of geophysical data, data management and reservoir studies for clients.

Our geophysical equipment segment, which we conduct through Sercel Holding S.A. and its subsidiaries, is our manufacturing and sales activities for seismic equipment used for data acquisition, both on land and offshore.

Inter-company sales between the two segments are made at prices approximating market prices and relate primarily to equipment sales made by the equipment segment to the services segment. These inter-segment sales, the related operating income recognized by the equipment segment, and the related impact on capital expenditures and depreciation expense of the services segment are eliminated in consolidation and presented in the column "Eliminations and Adjustments" in the tables that follow.

Operating income represents operating revenues and other operating income less expenses of the operating segment. It includes non-recurring and unusual items, which are disclosed in the operating segment if material. General corporate expenses, which include Group management, financing, and legal activities, have been included in the column "Eliminations and Adjustments" in the tables that follow. The Group does not disclose financial expenses or revenues by operating segment because these items are not monitored by the operating management, financing and investing being mainly managed at the corporate level.

Identifiable assets are those used in the operations of each industry segment. Unallocated and corporate assets consist primarily of financial assets, including cash and cash equivalents.

Due to the constant changes in work locations, the Group does not track its assets based on country of origin or ownership.

Analysis by operating segment

(in millions of €)	Three months ended September 30, 2008 Services	2008 Equipment	2008 Eliminations and Adjustments	2008 Consolidated Total	2007 Services	2007 Equipment	2007 Eliminations and Adjustments	2007 Consolidated Total
Revenues from unaffiliated customers	**496.0**	**195.6**	**-**	**691.6**	**436.8**	**170.4**	**-**	**607.2**
Inter-segment revenues	0.6	8.5	(9.1)	-	-	42.7	(42.7)	-
Operating revenues	**496.6**	**204.1**	**(9.1)**	**691.6**	**436.8**	**213.1**	**(42.7)**	**607.2**
Other income from ordinary activities	-	0.4	-	0.4	(0.2)	-	-	(0.2)
Total income from ordinary activities	**496.6**	**204.5**	**(9.1)**	**692.0**	**436.6**	**213.1**	**(42.7)**	**607.0**
Operating income (loss)	**112.7**	**66.7**	**(6.6)** [(a)]	**172.8**	**71.8**	**72.4**	**(29.5)** [(a)]	**114.7**
Equity income (loss) of investees	(0.2)	(0.4)	-	(0.6)	1.3	-	-	1.3
Capital expenditures [(b)]	124.1	6.0	(1.8)	128.3	213.6	6.9	(18.6)	201.9
Depreciation and amortization [(c)]	123.8	5.6	(3.6)	125.8	148.4	5.2	(2.6)	151.0
Investments in companies under equity method	-	-	-	-	-	-	-	-

(a) Includes corporate expenses of €9.3 million for the three months ended September 30, 2008 and of €13.8 million for the three months ended September 30, 2007.

(b) Includes (i) investments in multi-client surveys of €94.9 million for the three months ended September 30, 2008 and €134.1 million for the three months ended September 30, 2007, (ii) no equipment acquired under capital leases for the three months ended September 30, 2008 and €0.8 million of equipment acquired under capital leases for the three months ended September 30, 2007, (iii) development costs capitalized in the Services segment of €4.2 million for the three months ended September 30, 2008 and of €0.9 million for the three months ended September 30, 2007, and (iv) development costs capitalized in the Equipment segment of €0.6 million for the three months ended September 30, 2008 and of €0.7 million for the three months ended September 30, 2007.

(c) Includes multi-client amortization expense of €73.8 million for the three months ended September 30, 2008 and of €98.7 million for the three months ended September 30, 2007.

(in millions of U.S. $)	Three months ended September 30, 2008 Services	2008 Equipment	2008 Eliminations and Adjustments	2008 Consolidated Total	2007 Services	2007 Equipment	2007 Eliminations and Adjustments	2007 Consolidated Total
Revenues from unaffiliated customers	**761.8**	**300.4**	**-**	**1,062.2**	**595.8**	**232.8**	**-**	**828.6**
Inter-segment revenues	0.9	13.1	(14.0)	-	-	58.0	(58.0)	-
Operating revenues	**762.7**	**313.5**	**(14.0)**	**1,062.2**	**595.8**	**290.8**	**(58.0)**	**828.6**
Other income from ordinary activities	-	0.7	(0.2)	0.5	(0.2)	-	-	(0.2)
Total income from ordinary activities	**762.7**	**314.2**	**(14.2)**	**1,062.7**	**595.6**	**290.8**	**(58.0)**	**828.4**
Operating income (loss)	**172.9**	**102.5**	**(10.3)**	**265.1**	**98.1**	**98.8**	**(40.1)**	**156.8**

Dollar amounts correspond to the nine months ended September 30 in U.S. dollars less the six months ended June 30 in U.S. dollars.

(in millions of €)	Nine months ended September 30, 2008 Services	Equipment	Eliminations and Adjustments	Consolidated Total	2007 Services	Equipment	Eliminations and Adjustments	Consolidated Total
Revenues from unaffiliated customers	**1,321.0**	**514.6**	**-**	**1,835.6**	**1,252.4**	**518.1**	**-**	**1,770.5**
Inter-segment revenues	0.6	58.0	(58.6)	-	0.2	95.6	(95.8)	-
Operating revenues	**1,321.6**	**572.6**	**(58.6)**	**1,835.6**	**1,252.6**	**613.7**	**(95.8)**	**1,770.5**
Other income from ordinary activities	(0.2)	1.0	(0.1)	0.7	0.3	-	-	0.3
Total income from ordinary activities	**1,321.4**	**573.6**	**(58.7)**	**1,836.3**	**1,252.9**	**613.7**	**(95.8)**	**1,770.8**
Operating income (loss)	**254.4**	**180.7**	**(42.9)** [a]	**392.2**	**218.6**	**208.7**	**(68.6)** [a]	**358.7**
Equity income (loss) of investees	2.6	(0.2)	-	2.4	2.5	-	-	2.5
Capital expenditures [b]	415.7	14.7	(23.8)	406.6	494.9	13.5	(40.7)	467.7
Depreciation and amortization [c]	339.4	16.4	(14.6)	341.2	359.1	14.8	(7.7)	366.2
Investments in companies under equity method	-	-	-	-	-	3.7	-	3.7
Identifiable assets	**4,140.2**	**688.6**	**(186.2)**	**4,642.7**	**4,080.6**	**623.5**	**(250.9)**	**4,453.2**
Unallocated and corporate assets				370.9				317.2
Total assets				**5,013.6**				**4,770.4**

(a) Includes corporate expenses of €32.2 million for the nine months ended September 30, 2008 and of €40.4 million for the nine months ended September 30, 2007.

(b) Includes (i) investments in multi-client surveys of €283.4 million for the nine months ended September 30, 2008 and €278.4 million for the nine months ended September 30, 2007, (ii) no equipment acquired under capital leases in nine months ended September 30, 2008 and €0.8 million of equipment acquired under capital leases for the nine months ended September 30, 2007, (iii) capitalized development costs in the Services segment of €7.8 million for the nine months ended September 30, 2008 and €4.1 million for the nine months ended September 30, 2007, and (iv) capitalized development costs in the Equipment segment of €1.8 million for the nine months ended September 30, 2008 and €2.4 million for the nine months ended September 30, 2007.

(c) Includes multi-client amortization expense of €186.2 million for the nine months ended September 30, 2008 and €227.2 million for the nine months ended September 30, 2007.

(in millions of U.S. $)	Nine months ended September 30, 2008 Services	Equipment	Eliminations and Adjustments	Consolidated Total	2007 Services	Equipment	Eliminations and Adjustments	Consolidated Total
Revenues from unaffiliated customers	**2,021.5**	**787.6**	**-**	**2,809.1**	**1,679.7**	**694.9**	**-**	**2,374.6**
Inter-segment revenues	1.0	88.8	(89.8)	-	0.2	128.2	(128.4)	-
Operating revenues	**2,022.5**	**876.4**	**(89.8)**	**2,809.1**	**1,679.9**	**823.1**	**(128.4)**	**2,374.6**
Other income from ordinary activities	(0.4)	1.7	(0.2)	1.1	0.3	-	-	0.3
Total income from ordinary activities	**2,022.1**	**878.1**	**(90.0)**	**2,810.2**	**1,680.2**	**823.1**	**(128.4)**	**2,374.9**
Operating income (loss)	**389.3**	**276.6**	**(65.7)**	**600.2**	**293.2**	**279.9**	**(92.1)**	**481.0**

Dollar amounts represent euros amounts converted at the average exchange rate for the period of U.S.$1.5303 per € in the first nine months of 2008, and of U.S.$1.341 per € in the first nine months of 2007.

Revenues by geographic area

The following table sets forth our consolidated operating revenues by location of customers, and the percentage of total consolidated operating revenues represented thereby, during each of the periods stated.

	Three months ended September 30,							
	2008				2007			
Except percentages, in millions of	**€**		**U.S.$ (1)**		**€**		**U.S.$ (1)**	
North America	188.1	27%	289.1	27%	172.2	28%	235.6	28%
Central and South Americas	48.0	7%	73.6	7%	82.0	13%	111.2	13%
Europe, Africa and Middle East	316.3	46%	485.3	46%	182.7	30%	249.5	30%
Asia Pacific	139.2	20%	214.2	20%	170.3	29%	232.3	29%
Total	**691.6**	**100%**	**1,062.2**	**100%**	**607.2**	**100%**	**828.6**	**100%**

(1) Corresponding to the nine months ended September 30 in US dollars less the six months ended June 30 in US dollars.

	Nine months ended September 30,							
	2008				2007			
Except percentages, in millions of	**€**		**U.S.$ (1)**		**€**		**U.S.$ (1)**	
North America	547.6	30%	837.9	30%	551.4	31%	739.6	31%
Central and South Americas	119.0	6%	182.1	6%	187.8	11%	251.8	11%
Europe, Africa and Middle East	713.5	39%	1,092.0	39%	552.5	31%	741.0	31%
Asia Pacific	455.5	25%	697.1	25%	478.8	27%	642.2	27%
Total	**1,835.6**	**100%**	**2,809.1**	**100%**	**1,770.5**	**100%**	**2,374.6**	**100%**

(1) Dollar amounts represent euro amounts converted at the average exchange rate of U.S.$1.5303 per € in the first nine months of 2008, and of U.S.$1.341 per € in the first nine months of 2007.

NOTE 5— REDUCTION OF GOODWILL

The reduction of goodwill by an amount of €2 million resulted from the use of Veritas foreign carry-forward losses existing prior to the merger and not recognized as an asset according to IAS 12.68 "Income taxes – Deferred tax arising from a business combination". This reduction of goodwill offsets the symmetrical tax credit recorded in the line item "Other income taxes".

NOTE 6— COMMITMENTS AND CONTINGENCIES

Capital expenditures commitments, other commitments and contingencies

On September 23, 2008, CGGVeritas signed a Letter of Intent to charter from Swire Pacific Offshore a newly built 2D seismic vessel "the Fearless". The contract value amounts to approximately U.S.$83 millions over a period of eight years. At the term of the eight years charter, CGGVeritas has both a purchase option and an option for another eight years charter extension. The seismic vessel should be delivered mid 2010.

CGGVeritas has terminated the undertaking agreement to sell the existing Massy land and buildings of its Services headquarters to Hertel Investissement. On June 17, 2008, we had entered into an undertaking agreement with Hertel Investissement for a total amount of €27.3 million with a lease agreement attached, to be executed between CGGVeritas Services and Hertel Investissement at the end of 2008.

The carrying value of those assets remains classified as assets held for sale in the balance sheet as of September 30, 2008.

Litigation and other risks

There was no major evolution in CGGVeritas' claim against Arrow Seismic ASA since July 7, 2008. CGGVeritas sent a writ of summons to Arrow Seismic ASA claiming damages of approximately U.S.$70 million. CGGVeritas claims that Arrow Seismic ASA discontinued the negotiations for a mid-term charter for a new-build 3D vessel as a consequence of PGS's purchase of Arrow, although we considered a binding agreement had been entered into between the parties due to the advanced stage of negotiations.

A tax audit of CGGVeritas SA by the French tax authorities started in September 2008 covering the 2005 to 2007 fiscal years. No material impact is expected from this or from other ongoing tax audits.

NOTE 7— SUBSEQUENT EVENTS

No significant event occurred since September 30, 2008.

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Factors affecting results of operations

Group organization

We report financial information by operating segment in accordance with our internal reporting system and the internal segment information that is used to manage and measure our performance. We divide our business into two operating segments, geophysical services and geophysical equipment.

Our geophysical services segment comprises:

- Land contract: seismic data acquisition for land, transition zones and shallow water undertaken by us on behalf of a specific client;
- Marine contract: seismic data acquisition offshore undertaken by us on behalf of a specific client;
- Multi-client land and marine: seismic data acquisition undertaken by us and licensed to a number of clients on a non-exclusive basis; and
- Processing and Imaging: processing and imaging as well as interpretation of geophysical data, data management and reservoir studies for clients.

Our geophysical equipment segment, which we conduct through Sercel Holding S.A. and its subsidiaries, comprises our manufacturing and sales activities for seismic equipment used for data acquisition, both on land and offshore.

Geophysical Market environment

Overall demand for geophysical services and equipment is dependent upon spending by oil and gas companies for exploration development and production and field management activities. We believe the level of spending of such companies depends on their assessment of their ability to efficiently supply the oil and gas market in the future and the current balance of hydrocarbon supply and demand.

The geophysical market has historically been cyclical, with notably a trough in 1999 following a sharp drop in the price of oil to U.S.$10 per barrel. We believe many factors contribute to the volatility of this market, such as the geopolitical uncertainties that can harm the confidence and visibility that are essential to our clients' long-term decision-making processes and the expected balance in the mid to long term between supply and demand for hydrocarbons.

For the last three years the geophysical market has enjoyed sustained growth, recovering from a previous period of under-investment. We believe this growth is based on the following solid fundamentals:

- Oil and gas companies (including both the international oil companies and the national oil companies) and the large oil and gas consuming nations have perceived a growing and potentially lasting imbalance between reserves and future demand for hydrocarbons. A rapid rise in world consumption requirements, particularly in China and India, has resulted in demand for hydrocarbons growing more rapidly than anticipated. At the same time, excess production capacity has appeared to reach historical lows, increasing the focus on existing production capacities and reserves replacement.

- The recognition of an imbalance between hydrocarbon supply and demand, combined with low reserve replacement rates, has led the oil and gas industry to significantly increase capital expenditure in exploration and production. The seismic services market generally benefits from this spending since seismic services are an important element in the search for new reserves and optimization of existing reservoirs from pure exploration (early cycle) to reservoir development, management and production (late cycle).

The strong technological developments in seismic equipment and services over the last decade have advanced the use of seismic in reservoir development and production, broadening the use of seismic techniques over the overall lifecycle of reservoirs.

Every year, three to four million barrels of new oil have to be found in deeper and more complex basins to offset declining reserve rates. These fundamental trends continue to drive increased demand for high-end seismic equipment and services.

Foreign Exchange Fluctuations

As a company that derives a substantial amount of its revenue from sales internationally, our results of operations are affected by fluctuations in currency exchange rates.

In order to present trends in our business that may be obscured by currency fluctuations, we have translated certain euro amounts in this Management's Discussion and Analysis of Financial Conditions and Results of Operations into U.S. dollars. See "Trend Information—Currency Fluctuations".

Acquisitions and divestitures

On May 26, 2008, Sercel acquired Metrolog, a privately held company, for an amount of €25.7 million paid in cash (including advisory and legal fess). Metrolog is a leading provider of high pressure, high temperature gauges and other downhole instruments to the oil and gas industry. The acquisition is expected to be accretive to Sercel and to CGGVeritas earnings per share (EPS) in 2008.

The purchase price allocation resulted in a preliminary goodwill of €14.3 million.

On June 16, 2008, a new subsidiary, CGGVeritas Technology Services (Beijing) Co. Ltd., fully owned by the Group, was created in China. This high profile technology centre will encompass the following activities: research & development and relationships with Chinese scientific organizations, high end processing services, "Geopromote" and GSS / Hardware and Software Support Services.

On June 25, 2008, in conjunction with the transfer of our Oman business from Veritas DGC Ltd to our subsidiary Ardiseis FZCO, CGG Veritas SA subscribed to the increase of 805 shares in the capital of Ardiseis , and sold 407 Ardiseis shares to Industrialization & Energy Services Company (TAQA) for a total consideration of U.S.$11.8 million. At the end of this transaction the Group's percentage interest in Ardiseis remained unchanged at 51%.

New stock-option plan and performance shares allocation plan

On March 14, 2008, the Board of Directors decided to allocate 1,188,500 stock-options to senior executives and other employees of the Group. The subscription price was set at €32.57. These options have an eight-year duration. They are vested by one-third each year over a three-year period and can be exercised at any time. However, French tax residents must keep the shares they receive as a result of the options exercised in registered form from the exercise date until March 14, 2012. Except in limited circumstances set forth in the plan regulations, employees leaving the Group will lose their vested unexercised options if they are not exercised before the end of the notice period.

On March 14, 2008, the Board of Directors also decided to allocate a maximum amount of 459,250 performance shares to senior executives and certain other employees of the Group. These shares will be allocated at the end of a two-year allocation period expiring on the later of March 14, 2010 or the date of the shareholders' meeting convened to approve the 2009 financial statements. Such allocation will be final provided (i) the Board resolves that the performance conditions provided for by the plan regulations, i.e. the achievement in fiscal years 2008 and 2009 of a minimum average consolidated net earning per share and an average operating income of either the Group, the Services segment or the Equipment segment depending upon the segment to which each beneficiary belongs and (ii) the beneficiary is still an employee or officer of the Group upon final allocation of the shares. The allocated shares will have to be kept in registered form for a two-year period as from the allocation date before they can be sold.

The Board of Directors meeting held on April 29, 2008 resolved that the performance conditions set forth by the general regulations of the plan dated May 11, 2006 had been fulfilled and, as a result, finally allocated the performance shares to those beneficiaries that were employees or officers of the company or one of its subsidiaries at the time of the final allocation, i.e. May 12, 2008. 45,700 shares were thus allocated.

Backlog

Our backlog at October 1, 2008 was €1.3 billion (U.S.$1.9 billion).

Three months ended September 30, 2008 compared with three months ended September 30, 2007

Operating revenues

The following table sets forth our consolidated operating revenues by business line, and the percentage of total consolidated operating revenues represented thereby, during each of the periods stated.

	Three months ended September 30,							
	2008				2007			
Except percentages, in millions of	**€**		**U.S.$ [(1)]**		**€**		**U.S.$ [(1)]**	
Land	113.4	16%	174.3	16%	132.8	22%	180.8	22%
Marine	318.0	46%	488.3	46%	239.4	39%	326.7	39%
Processing & Imaging	64.6	9%	99.2	9%	64.6	11%	88.3	11%
Total Services	496.0	72%	761.8	72%	436.8	72%	595.8	72%
Equipment	195.6	28%	300.4	28%	170.4	28%	232.8	28%
Total	**691.6**	**100%**	**1,062.2**	**100%**	**607.2**	**100%**	**828.6**	**100%**

(1) Calculated as the nine months ended September 30, in U.S.$ less the six months ended June 30, in U.S.$.

Our consolidated operating revenues for the three months ended September 30, 2008 increased 14% to €691.6 million from €607.2 million for the comparable period of 2007. This increase was attributable to both the Services and Equipment segments despite the negative impact of the U.S.$/€ exchange rate. Expressed in U.S. dollars, our consolidated operating revenues increased 28% to U.S.$1,062.2 million for the three months ended September 30, 2008 from U.S.$828.6 million for the comparable period of 2007.

Services

Operating revenues for our Services segment (excluding internal sales) increased 14% to €496.0 million for the three months ended September 30, 2008 from €436.8 million for the comparable period of 2007 (and increased 28% in U.S. dollar terms), mainly supported by strong growth in marine contract activity.

Marine

Operating revenues from our Marine business line for the three months ended September 30, 2008 increased 33% to €318.0 million from €239.4 million for the comparable period of 2007 (and increased 49% in U.S. dollar terms). Strengthening multi-client sales, especially for our Wide Azimuth projects, and high vessel availability rate of 95% and vessel production rate of 90% were the main drivers.

Contract revenues increased 66% to €208.3 million in the three months ended September 30, 2008 from €125.5 million for the comparable period of 2007 (and increased 86% in U.S. dollar terms). Contract revenues accounted for 65% of marine revenues for the three months ended September 30, 2008 compared to 52% for the comparable period 2007. We operated 65% of our high-end 3D fleet on contract, mainly in Asia Pacific, the North Sea and the east cost of Canada.

Multi-client data library revenues decreased 4% to €109.7 million for the three months ended September 30, 2008 from €113.8 million for the comparable period of 2007 (and increased 9% in U.S. dollar terms). Four vessels were acquiring seismic data for our library in the Gulf of Mexico, Brazil and the North Sea in our core geophysical areas. Prefunding was €81.4 million for the three months ended September 30, 2008 compared to €64.1 million the three months ended September 30, 2007, with a prefunding rate of 106% driven by sales of our leading Wide Azimuth programs. After-sales decreased 44% to €27.4 million in the three months ended September 30, 2008 from €49.0 million for the comparable period of 2007 (and decreased 37% in U.S. dollar terms).

Land

Operating revenues from our Land business line decreased 15% to €113.4 million for the three months ended September 30, 2008, from €132.8 million for the comparable period of 2007 (and decreased 4% in U.S. dollar terms) due to a decrease of our multi-client library revenues.

Contract revenues decreased 8% to €85.0 million for the three months ended September 30, 2008 from €92.9 million for the comparable period of 2007 (and increased 3% in U.S. dollar terms). We operated on average 19 crews in select locations with 10 crews in the Eastern Hemisphere and 9 crews in the Western Hemisphere. Contract revenues accounted for 75% of land revenues for the three months ended September 30, 2008 compared to 70% for the comparable period of 2007.

Multi-client land data library revenues decreased 29% to €28.4 million for the three months ended September 30, 2008 from €39.9 million for the comparable period of 2007 (and decreased 20% in U.S. dollar terms). Prefunding was €15.8 million in the three months ended September 30, 2008 compared to €23.1 million the three months ended September 30, 2007, with a prefunding rate of 88%. After sales were €12.5 million for the three months ended September 30, 2008 compared to €16.8 million for the comparable period of 2007.

Processing & Imaging

Operating revenues from our Processing & Imaging business line were stable at €64.6 million for the three months ended September 30, 2008 and the third quarter ended September 30, 2007 (and increased 13% in U.S.$ terms) based on our strengthened market position, direct award, renewal of three dedicated centers and take-up of our new high-end imaging and depth migration technologies.

Equipment

Operating revenues for our Equipment segment decreased 4% to €204.1 million for the three months ended September 30, 2008 from €213.1 million for the comparable period of 2007. In U.S. dollar terms, revenues increased 8% from U.S.$290.7 million for the three months ended September 30, 2007 to U.S.$313.5 million for the comparable period of 2008. Sales of land equipment, sustained by strong demand, increased to a near- record level, while sales of marine equipment declined somewhat due to the low level of intra-groupl sales.

Operating revenues, excluding intra-group sales, increased 15% to €195.6 million for the three months ended September 30, 2008 compared to €170.4 million for the comparable period in 2007 and increased 29% in U.S. dollar terms.

Operating expenses

Cost of operations, including depreciation and amortization, increased 3% to €445.1 million for the three months ended September 30, 2008 from €431.5 million for the comparable period of 2007 due to increased activity. As a percentage of operating revenues, cost of operations decreased to 64% for the three months ended September 30, 2008 from 71% for the comparable period of 2007. Gross profit increased 40% to €246.9 million for the three months ended September 30, 2008 from €175.5 million for the comparable period of 2007, representing 36% and 29% of operating revenues, respectively.

Research and development expenditures decreased 7% to €11.3 million for the three months ended September 30, 2008, from €12.2 million for the comparable period of 2007, representing 2% of operating revenues for both periods.

Selling, general and administrative expenses increased 17% to €53.8 million for the three months ended September 30, 2008 from €46.0 million for the comparable period of 2007, representing 8% of operating revenues for the three months ended September 30, 2008 and for the comparable period of 2007. Share-based compensation expenses were stable at €5.7 for the three months ended September 30, 2007 and for the comparable period of 2007.

Other expenses amounted to €1.3 million for the three months ended September 30, 2008 compared to a profit of €3.0 million for the comparable period of 2007.

Goodwill was reduced by €2.0 million as a result of the use of Veritas foreign carry forward losses existing prior to the merger and not recognized as an asset. This reduction of goodwill offsets the symmetrical tax credit recorded in the line item “Other income taxes”.

Operating income

Our operating income increased 51% to €172.8 million for the three months ended September 30, 2008 from €114.7 million for the comparable period of 2007 (and increased 69% in U.S. dollar terms), despite a weaker U.S. dollar.

Operating income for our Services segment increased 57% to €112.7 million for the three months ended September 30, 2008 from €71.8 million for the comparable period of 2007 (and increased 76% in U.S. dollar terms).

Operating income from our Equipment segment decreased 8% to €66.7 million for the three months ended September 30, 2008 from €72.4 million for the comparable period of 2007 (and increased 4% in U.S. dollar terms).

Financial income and expenses

Cost of net financial debt decreased 26% to €18.7 million for the three months ended September 30, 2008 from €25.1 million for the comparable period of 2007. This decrease was primarily due to the favorable impact of the U.S.$/€ exchange rate and to a lesser extent to income provided by cash and cash equivalent, offsetting an increase in the interest rate of our floating rate debt.

Other financial income amounted to €4.0 million for the three months ended September 30, 2008 compared to a loss of €2.9 million for the comparable period of 2007 due foreign exchange gains.

Equity in income (losses) of affiliates

Losses from investments accounted for under the equity method were €0.6 million for the three months ended September 30, 2089 compared to income of €1.3 million for the comparable period of 2007.

Income taxes

Income tax expenses increased to €52.1 million for the three months ended September 30, 2008 from €19.3 million for the comparable period of 2007. The effective tax rate for the third quarter of 2008 was 33% compared to 22% for the same period of 2007.

Before currency translation effects on income taxes and the effects of non-deductibility of our share-based compensation cost, the effective tax rate was 29% for the third quarter of 2008 compared to 28% for the same period of 2007.

Net income

Net income increased 53% to €105.4 million for the three months ended September 30, 2008 from €68.7 million for the comparable period of 2007 as a result of the factors discussed above.

Nine months ended September 30, 2008 compared with nine months ended September 30, 2007

Operating revenues

The following table sets forth our consolidated operating revenues by business line, and the percentage of total consolidated operating revenues represented thereby, during each of the periods stated.

	Nine months ended September 30,							
	2008				2007			
Except percentages, in millions of	€		U.S.$ (1)		€		U.S.$ (1)	
Land	340.8	19%	521.5	19%	349.6	20%	468.9	20%
Marine	788.5	43%	1,206.6	43%	719.7	41%	965.2	41%
Processing & Imaging	191.7	10%	293.2	10%	199.9	11%	268.1	11%
Merger adjustment (2)	-	-	-	-	(16.9)	(1%)	(22.6)	(1%)
Total Services	1,321.0	72%	2,021.5	72%	1,252.4	71%	1,679.6	71%
Equipment	514.6	28%	787.6	28%	518.1	29%	695.0	29%
Total	**1,835.6**	**100%**	**2,809.1**	**100%**	**1,770.5**	**100%**	**2,374.6**	**100%**

(1) Dollar amounts represent euro amounts converted at the average exchange rate of U.S.$1.53 per € in 2008 and of U.S.$1.341 per € in 2007.
(2) Elimination of January 1 to January 12, 2007 operating revenues since the merger with Veritas was effective on January 12, 2007.

Our consolidated operating revenues for the nine months ended September 30, 2008 increased 4% to €1,835.6 million from €1,770.5 million for the comparable period of 2007. Expressed in U.S. dollars, our consolidated operating revenues increased 18% to U.S.$2,809.1 million for the nine months ended September 30, 2008 from U.S.$2,374.6 million for the comparable period of 2007. This growth was driven by sustained sales of Sercel equipment and a high level of land and marine contract activity in our Services segment. The euro and dollar figures for the nine months ended September 30, 2007 are after elimination of a U.S.$22.6 million in 2007 Veritas revenues between January 1 and January 12, 2007, the effective date of the merger of CGG and Veritas.

Services

Operating revenues for our Services segment (excluding internal sales) increased 5% to €1,321.0 million for the nine months ended September 30, 2008 from €1,252.4 million for the comparable period of 2007 (not including €16.5 million of Veritas' operating revenues for the first twelve days of 2007 prior to the merger) and increased 20% in U.S. dollar terms due to growth in marine contract activity.

Marine

Operating revenues from our marine business line for the nine months ended September 30, 2008 increased 10% to €788.5 million from €719.7 million for the comparable period of 2007 (and increased 25% in U.S. dollar terms) mainly due to a perimeter effect with the launch of the two vessels, the *Vision* and the *Vanquish* from mid-2007 and to a lesser extent to the price increase.

Contract revenues increased 28% to €503.9 million for the nine months ended September 30, 2008 from €394.9 million for the comparable period of 2007 (and increased 46% in U.S. dollar terms). Contract revenues accounted for 64% of marine revenues for the nine months ended September 30, 2008 compared to 55% for the comparable period 2007.

Multi-client data library revenues decreased 12% to €284.5 million for the nine months ended September 30, 2008 from €324.8 million for the comparable period of 2007. In U.S. dollar terms, multi-client data library revenues were stable at approximately U.S.$435 million due to a number of highly pre-funded programs in the Gulf of Mexico and Brazil. After-sales decreased 49% to €72.8 million for the nine months ended September 30, 2008 from €141.9 million for the comparable period of 2007 (and decreased 41% in U.S. dollar terms) due to quarterly fluctuations in the first three months of 2008.

Land

Operating revenues from our Land business line decreased 3% to €340.8 million for the nine months ended September 30, 2008 from €349.6 million for the comparable period of 2007. In U.S. dollar terms, revenues increased 11% to U.S.$521.5 million for the nine months ended September 30, 2008 from U.S.$468.9 million for the comparable period of 2007 due to increased contract activity.

Contract revenues increased 4% to €258.3 million for the nine months ended September 30, 2008 from €248.5 million for the comparable period of 2007 (and increased 19% in U.S. dollar terms) due to a growing a demand for higher resolution data. Contract revenues accounted for 76% of Land revenues for the nine months ended September 30, 2008 compared to 71% for the comparable period of 2007.

Multi-client data library revenues decreased 18% to €82.5 million for the nine months ended September 30, 2008 from €101.1 million for the comparable period of 2007 (and decreased 7% in U.S. dollar terms) primarily due to a 21% decrease (in U.S. dollar terms) in prefunding. Prefunding revenues were U.S.$52.9 million for the nine months ended September 30, 2008 compared to U.S.$66.9 million for the comparable period of 2007. After-sales decreased 8% to €47.2 million in the nine months ended September 30, 2008 from €51.2 million for the comparable period of 2007 (and increased 5% in U.S. dollar terms).

Processing & Imaging

Operating revenues from our Processing & Imaging business line decreased 4% to €191.7 million for the nine months ended September 30, 2008 from €199.9 million for the comparable period of 2007. In U.S. dollar terms, revenues increased 9% to U.S.$293.2 million for the nine months ended September 30, 2008 form U.S.$268.1 million for the comparable period of 2007 primarily based on increased data volume and our strengthened position in high-end imaging technologies.

Equipment

Operating revenues for our Equipment segment decreased 7% to €572.6 million for the nine months ended September 30, 2008 from €613.7 million for the comparable period of 2007. In U.S. dollar terms, revenues increased 6% to U.S.$876.4 million for the nine months ended September 30, 2008 from U.S.$823.1 million for the comparable period of 2007.

Operating revenues, excluding intra-group sales, decreased 1% to €514.6 million from €518.1 million for the comparable period in 2007 and increased 13% in U.S. dollar terms. Sales during the period increased primarily for marine equipment, while sales of land equipment were stable over the period due to a slow first quarter.

Operating expenses

Cost of operations, including depreciation and amortization, increased 2% to €1,233.3 million for the nine months ended September 30, 2008 from €1,213.9 million for the comparable period of 2007, due to increased activity. As a percentage of operating revenues, cost of operations decreased to 67% for the nine months ended September 30, 2008 from 68% for the comparable period of 2007. Gross profit increased 8% to €603.0 million for the nine months ended September 30, 2008 from €556.9 million for the comparable period of 2007, representing 33% and 31% of operating revenues, respectively.

Research and development expenditures decreased 17% to €35.5 million for the nine months ended September 30, 2008, from €42.9 million for the comparable period of 2007, representing 2% and 3% of operating revenues, respectively.

Selling, general and administrative expenses increased 8% to €164.8 million for the nine months ended September 30, 2008 from €153.3 million for the comparable period of 2007. Share-based compensation expenses increased to €17.7 million for the nine months ended September 30, 2008 from €14.4 million for the comparable period of 2007.

Other revenues decreased to €9.2 million for the nine months ended September 30, 2008 from €12.4 million for the comparable period of 2007. Other revenues in 2008 included primarily a €8.4 million gain on foreign exchange hedging activities and a €3.6 million gain resulting from the sale of Ardiseis shares to TAQA.

The costs incurred as well as the assets scrapped due to the loss of propulsion incident on the *Symphony* in April, 2008 were totally offset by an insurance indemnity of €12 million. Other revenues in 2007 included primarily a €12.4 million gain on foreign exchange hedging activities.

Goodwill was reduced by €2 million as a result of the use of Veritas foreign carry-forward losses existing prior to the merger and not recognized as an asset. This reduction of goodwill offsets the symmetrical tax credit recorded in the line item "Income taxes".

Operating income (loss)

Our operating income increased 9% to €392.2 million for the nine months ended September 30, 2008 from €358.7 million for the comparable period of 2007, despite a weaker U.S. dollar (and increased 25% in U.S. dollar terms).

Operating income for our Services segment increased 16% to €254.4 million for the nine months ended September 30, 2008 from €218.6 million for the comparable period of 2007 (and increased 33% in U.S. dollar terms).

Operating income from our Equipment segment decreased 13% to €180.7 million for the nine months ended September 30, 2008 from €208.7 million for the comparable period of 2007 (and decreased 1% in U.S. dollar terms).

Financial income and expenses

Cost of net financial debt decreased 30% to €59.8 million for the nine months ended September 30, 2008 compared with €85.1 million for the same period of 2007 (and decreased 20% in U.S. dollar terms). This decrease was mainly due to the favorable impact of the U.S.$/€ exchange rate on our cost of financial debt and to a U.S.$10.2 million amortization expense of issuing fees recorded in 2007 for our U.S.$1.6 billion bridge loan facility entered into to finance the cash portion of the Veritas merger consideration.

Other financial income amounted to €2.9 million for the nine months ended September 30, 2008 compared to a loss of €2.5 million for the comparable period of 2007 due to foreign exchange gains.

Equity in income (losses) of affiliates

Income from investments accounted for under the equity method was stable at €2.4 million for the nine months ended September 30, 2008 and the comparable period of 2007. This item corresponds essentially to our share in the income of Argas, our joint venture in Saudi Arabia.

Income taxes

Income tax expenses increased 28% to €116.5 million for the nine months ended September 30, 2008 from €91.3 million for the comparable period of 2007. The effective tax rate was 35% for the nine months ended September 30, 2008 and 34% for the comparable period of 2007.

Before currency translation effects on income taxes and the effects of non-deductibility of our share-based compensation cost, the effective tax rate was 32% for the first nine months of 2008 compared to 35% for the same period of 2007 due to tax planning effects.

Net income

Net income increased 21% to €221.2 million for the nine months ended September 30, 2008 from €182.3 million for the comparable period of 2007 as a result of the factors discussed above.

Liquidity and Capital Resources

Our principal needs for capital are the funding of ongoing operations, capital expenditures, investments in our multi-client data library and acquisitions. We have financed our capital needs with cash flow from operations, borrowings under our US and French revolving facilities, term loan B facility and offerings of senior notes.

We believe that net cash provided by operating activities and the available borrowings under our revolving facilities will be sufficient to meet our liquidity needs for the foreseeable future.

Cash Flows

Operating activities

Net cash provided by operating activities was €528.7 million for the nine months ended September 30, 2008 compared to €459.4 million for the comparable period of 2007. Before changes in working capital, net cash provided by operating activities for the nine months ended September 30, 2008 was €652.9 million compared to €636.9 million for the comparable period of 2007. Changes in working capital had a negative impact on cash from operating activities of €124.2 million for the first nine months ended September 30, 2008 compared to a negative impact of €177.5 million for the comparable period of 2007.

Investing activities

Net cash used in investing activities was €421.7 million for the nine months ended September 30, 2008 compared to €1,475.7 million for the nine months ended September 30, 2007.

We incurred purchases of tangible and intangible assets of €118.8 million for the nine months ended September 30, 2008, mainly due to the upgrade of the seismic vessel *Alizé* with a 14 Sentinel solid streamer configuration and land recording systems.

In the nine months ended September 30, 2008, we also invested €283.4 million in our multi-client library, mainly in the Gulf of Mexico and Brazil. As of September 30, 2008, the net book value of our multi-client data library was €542.4 million compared to €435.4 million as of December 31, 2007.

We acquired Metrolog in the nine months ended September 30, 2008 for €21.4 million, net of cash acquired. In the comparable period of 2007, the cash paid for the acquisition of Veritas amounted to €1,051.7 million.

Financing activities

Net cash used in financing activities during the nine months ended September 30, 2008 was €51.4 million compared to net cash provided of €1,022.9 million for the nine months ended September 30, 2007.

The total cash requirements related to the acquisition of Veritas on January 12, 2007 were financed by U.S.$700 million drawn under our bridge loan facility (which was repaid with the proceeds of our U.S.$600 million offering of senior notes on February 9, 2007, plus cash on hand) and U.S.$1.0 billion drawn under our term loan B facility with a maturity of 2014, of which U.S.$100 million was repaid early on June 29, 2007.

Net debt

Net debt as of September 30, 2008 was €1,099.0 million (U.S.$1,571.9 million), compared to €1,106.7 million (U.S.$1,629.1) as of December 31, 2007. The ratio of net debt to equity decreased to 42% as of September 30, 2008 from 46% as of December 31, 2007.

"Net debt" is the amount of bank overdrafts, plus current and non-current portion of financial debt, less cash and cash equivalents. Net debt is presented as additional information because we understand that certain investors believe that netting cash against debt provides a clearer picture of the financial liability exposure. However, other companies may present net debt differently than we do. Net debt is not a measure of financial performance under IFRS and should not be considered as an alternative to any other measures of performance derived in accordance with IFRS.

The following table presents a reconciliation of net debt to financing items of the balance sheet at September 30, 2008 and December 31, 2007:

(in millions of €)	**September 30, 2008**	**December 31, 2007**
Bank overdrafts	8.0	17.5
Current portion of long-term debt	89.6	44.7
Long-term debt	1,318.9	1,298.8
Less : cash and cash equivalents	(317.5)	(254.3)
Net debt	**1,099.0**	**1,106.7**

For a more detailed description of our financing activities, see "Liquidity and Capital Resources" in our annual report on Form 20-F for the year ended December 31, 2007.

EBITDAS

EBITDAS for the nine months ended September 30, 2008 was €751.2 million compared to €739.7 million for the comparable period of 2007. EBITDAS for the nine months ended September 30, 2008 included €12.0 million of insurance indemnity related to the loss of propulsion incident on the *Symphony* vessel.

We define EBITDAS as earnings before interest, tax, depreciation, amortization and share-based compensation cost. Share-based compensation includes both stock options and shares issued under our performance share allocation plans. EBITDAS is presented as additional information because we understand that it is a measure used by certain investors to determine our operating cash flow and historical ability to meet debt service and capital expenditure requirements. However, other companies may present EBITDAS and related measures differently than we do. EBITDAS is not a measure of financial performance under IFRS and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net income as indicators of our operating performance or any other measures of performance derived in accordance with IFRS.

The following table presents a reconciliation of EBITDAS to Net cash provided by operating activities, according to our cash-flow statement, for the periods indicated:

	Nine months ended September 30,	
(in millions of €)	**2008**	**2007**
EBITDAS	**751.2**	**739.3**
Other financial income	2.9	(2.5)
Variance on Provisions	5.5	4.9
Net gain on disposal of fixed assets	(1.4)	-
Dividends received from affiliates	1.1	5.2
Other non-cash items	(5.5)	(7.8)
Income taxes paid	(100.9)	(102.2)
Change in trade accounts receivables	(118.5)	(128.3)
Change in inventories	(22.4)	(14.1)
Change in other current assets	28.5	6.9
Change in trade accounts payables	(11.4)	(43.5)
Change on other current liabilities	(12.0)	14.7
Impact of changes in exchange rate	11.6	(13.2)
Net cash provided by operating activities	**528.7**	**459.4**

Contractual obligations

The following table sets forth our future cash obligations at September 30, 2008:

	Payments Due by Period				
(in millions of €)	**Less than 1 year**	**2-3 years**	**4-5 years**	**After 5 years**	**Total**
			(in millions of €)		
Financial Debt	64.3	53.8	21.3	1,204.6	1,344.0
Capital Lease Obligations (not discounted)……	4.9	33.2	-	-	38.1
Operating Leases	106.3	132.8	86.3	128.3	453.7
Other Long-Term Obligations (Bonds interests) ..	47.0	93.9	93.9	137.3	372.1
Total Contractual Cash Obligations	**222.5**	**313.7**	**201.5**	**1,470.2**	**2,207.9**

Reconciliation of EBITDAS to U.S. GAAP

Summary of differences between IFRS and U.S. GAAP with respect to EBITDAS

The principal differences between IFRS and U.S. GAAP as they relate to our EBITDAS relate to the treatment of pension plans, development costs and derivative instruments and hedging activities.

Pension plan

Pursuant to an exemption provided by IFRS 1 "First-time adoption of IFRS", CGGVeritas has elected to record unrecognized actuarial gains and losses as of January 1, 2004 to retained earnings. Under U.S. GAAP, this exemption is not applicable, which generates a difference resulting from the amortization of actuarial gains and losses recognized in statement of income.

Under IFRS, in accordance with IAS 19 – Revised, actuarial gains or losses are recognized in the statement of recognized income and expense (SORIE) attributable to shareholders.

Under U.S. GAAP, the Group applies Statement 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plan, an amendment of FASB Statements No. 87, 88, 106, and 132(R)", effective for fiscal years ending after December 15, 2006.

Gains or losses are amortized over the remaining service period of employees expected to receive benefits under the plan, and therefore recognized in the income statement.

Development costs

Under IFRS, expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if:

- the project is clearly defined, and costs are separately identified and reliably measured,
- the product or process is technically and commercially feasible,
- the Group has sufficient resources to complete development, and
- the intangible asset is likely to generate future economic benefits.

Under U.S. GAAP, all expenditures related to research and development are recognized as an expense in the income statement.

Derivative instruments and hedging activity

Under IFRS, long-term contracts in foreign currencies (primarily U.S. dollar) are not considered to include embedded derivatives when such contracts are routinely denominated in this currency (primarily U.S. dollar) in the industry.

Under U.S. GAAP, such an exemption does not exist and embedded derivatives in long-term contracts in foreign currencies (primarily U.S. dollar) are recorded in the balance sheet at fair value and revenues and expenses with a non-U.S. client or supplier are recognized at the forward exchange rate negotiated at the beginning of the contract. The variation of fair market value of the embedded derivative foreign exchange contracts is recognized in the income statement in the line item *"Other financial income (loss)"*.

Reconciliation of EBITDAS to U.S. GAAP

	September 30,	
(in millions of euros)	**2008 (unaudited)**	**2007 (unaudited)**
EBITDAS as reported	**751.2**	**739.3**
Reclassification of other income on ordinary activities	-	(0.3)
Actuarial gains (losses) on pension plan	(0.5)	(1.7)
Capitalization of development costs	(9.6)	(6.5)
Derivative instruments	5.3	36.2
EBITDAS according to U.S. GAAP	**746.4**	**767.0**

Trend information

Currency fluctuations

Certain changes in operating revenues set forth in U.S. dollars have been derived by converting revenues recorded in euros at the average rate for the relevant period. Such information is presented in light of the fact that most of our revenues are denominated in U.S. dollars while our consolidated financial statements are presented in euros. Converted figures are presented only to assist in an understanding of our operating revenues but are not part of our reported financial statements and may not be indicative of changes in our actual or anticipated operating revenues.

Our business faces foreign exchange risks because a large percentage of our revenues and cash receipts are denominated in U.S. dollars, while a significant portion of our operating expenses and income taxes accrue in euros and other currencies. Movements between the U.S. dollar and euro or other currencies may adversely affect our operating revenues and results. In the years ended December 31, 2007, 2006 and 2005, more than 80% of our operating revenues and approximately two-thirds of our operating expenses were denominated in currencies other than the euro. These included the U.S. dollar and, to a significantly lesser extent, other non-euro Western European currencies, principally the British pound and Norwegian kroner. In addition, a significant portion of our revenues that were invoiced in euros related to contracts that were effectively priced in U.S. dollars, as the U.S. dollar often serves as the reference currency when bidding for contracts to provide geophysical services to the oil and gas industry.

Fluctuations in the exchange rate of the euro against such other currencies, particularly the U.S. dollar, have had in the past and can be expected in future periods to have a significant effect upon our results of operations. For financial reporting purposes, such depreciation of the U.S. dollar against the euro negatively affects our reported results of operations since U.S. dollar-denominated earnings that are converted to euros are stated at a reduced value. Since we participate in competitive bids for data acquisition contracts that are denominated in U.S. dollars, such depreciation reduces our competitive position against that of other companies whose costs and expenses are denominated in U.S. dollars. An appreciation of the U.S. dollar against the euro has the opposite effect. As a result, our sales and operating income are exposed to the effects of fluctuations in the value of the euro versus the U.S. dollar. In addition, our exposure to fluctuations in the U.S.$/euro exchange rate has considerably increased over the last few years due to increased sales outside Europe. Based upon the level of operations reached in year 2007, and given the portfolio of currencies, a 10-cent variance of the U.S. dollar against the euro would impact our dollar equivalent-value results of operations by approximately U.S.$40 million.

We attempt to match foreign currency revenues and expenses in order to balance our net position of receivables and payables denominated in foreign currencies. For example, charter costs for our vessels, as well as our most important computer hardware leases, are denominated in U.S. dollars. Nevertheless, during the past five years such dollar-denominated expenses have not equaled dollar-denominated revenues principally due to personnel costs payable in euros.

In addition, to be protected against the reduction in value of future foreign currency cash flows, we follow a policy of selling U.S. dollars forward at average contract maturity dates that we attempt to match with future net U.S. dollar cash flows (revenues less costs in U.S. dollars) expected from firm contract commitments, generally over the ensuing six months.

Our average forward U.S.$/€ exchange rate was 1.49 for the nine months ended September 30, 2008 compared to 1.30 for the nine months ended September 30, 2007.

We do not enter into forward foreign currency exchange contracts for trading purposes.

Main risk factors that may affect us for the nine months ending September 30, 2008

The main risk factors to which the Group is subject are detailed in item 3 of the annual report on Form 20-F filed with the Securities and Exchange Commission (SEC) on April 23, 2008 and Chapter IV of the *Document de Référence* filed with the *Autorité des Marchés Financiers* (AMF) on April 23, 2008. We expect that these risks factors will remain applicable to the Group for the fourth quarter of the 2008 financial year.

The annual report on Form-20-F and the *Document de Référence* are available on the website of the Company or on the website maintained by the SEC at www.sec.gov and the AMF at www.amf-france.org respectively.

Item 3: CONTROLS AND PROCEDURES

There has been no change in our internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

THIS FORM 6-K REPORT IS HEREBY INCORPORATED BY REFERENCE INTO THE PROSPECTUS CONTAINED IN CGG VERITAS' REGISTRATION STATEMENT ON FORM S-8 (REGISTRATION STATEMENT NO. 333-150384) AND SHALL BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Compagnie Générale de Géophysique - Veritas has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

/s/ Stéphane-Paul Frydman

Compagnie Générale de Géophysique-Veritas
(Registrant)

/s/ Stéphane-Paul Frydman

Stéphane-Paul Frydman
Chief Financial Officer

Date: November 7, 2008