

CGG VERITAS  
Form 6-K  
July 30, 2010

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**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**REPORT OF FOREIGN PRIVATE ISSUER**  
**PURSUANT TO RULE 13a-16 OR 15d-16 OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**

**For the month of July 2010**

**Commission File Number 001-14622**

**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  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

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

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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:

- the impact of the current economic and credit environment;
- exposure to the credit risk of customers;
- the social, political and economic risks of our global operations;
- our ability to integrate successfully the businesses or assets we acquire;
- difficulties and delays in achieving synergies and cost savings;
- any write-downs of goodwill on our balance sheet;
- our ability to sell our seismic data library;
- exposure to foreign exchange rate risk;
- our ability to finance our operations on acceptable terms;
- the timely development and acceptance of our new products and services;
- ongoing operational risks and our ability to have adequate insurance against such risks;
- difficulties and costs in protecting intellectual property rights and exposure to infringement claims by others;
- the level of capital expenditures by the oil and gas industry and changes in demand for seismic products and services;
- our clients' ability to unilaterally terminate certain contracts in our backlog;
- the effects of competition;
- difficulties in temporarily or permanently reducing the capacity of our fleet;
- the seasonal nature of our revenues;
- the costs of compliance with governmental regulation, including environmental, health and safety laws;
- our substantial indebtedness and the restrictive covenants in our debt agreements;
- 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;
- exposure to interest rate risk; and

our success at managing the foregoing risks.

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.

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Certain of these risks are described in our annual report on Form 20-F for the year ended December 31, 2009 that we filed with the SEC on April 23, 2010. Our annual report on Form 20-F is available on our website at [www.cggveritas.com](http://www.cggveritas.com) or on the website maintained by the SEC at [www.sec.gov](http://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](mailto:invrelparis@cggveritas.com) or [invrelhouston@cggveritas.com](mailto:invrelhouston@cggveritas.com) or writing to CGG Veritas Investor Relations Department, Tour Maine Montparnasse 33, avenue du Maine 75015 Paris, France.

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

amounts in millions of	June 30, 2010 (unaudited)		December 31, 2009	
		US\$ (1)		US\$ (2)
<b>ASSETS</b>				
Cash and cash equivalents	360.1	441.9	480.3	691.9
Trade accounts and notes receivable, net	598.9	734.9	564.1	812.7
Inventories and work-in-progress, net	248.6	305.1	223.8	322.4
Income tax assets	75.3	92.4	66.3	95.5
Other current assets, net	117.9	144.7	89.5	129.0
Assets held for sale, net	77.5	95.1	13.3	19.1
<b>Total current assets</b>	<b>1,478.3</b>	<b>1,814.1</b>	<b>1,437.3</b>	<b>2,070.6</b>
Deferred tax assets	100.4	123.2	74.3	107.0
Investments and other financial assets, net	36.6	44.9	35.9	51.7
Investments in companies under equity method	75.2	92.3	99.0	142.7
Property, plant and equipment, net	759.8	932.4	677.7	976.3
Intangible assets, net	887.1	1,088.5	728.9	1,050.1
Goodwill	2,184.4	2,680.5	1,868.1	2,691.2
<b>Total non-current assets</b>	<b>4,043.5</b>	<b>4,961.8</b>	<b>3,483.9</b>	<b>5,019.0</b>
<b>TOTAL ASSETS</b>	<b>5,521.8</b>	<b>6,775.9</b>	<b>4,921.2</b>	<b>7,089.6</b>
<b>LIABILITIES AND EQUITY</b>				
Bank overdrafts	5.1	6.3	2.7	3.9
Current portion of financial debt	56.0	68.7	113.5	163.5
Trade accounts and notes payable	254.0	311.6	179.8	259.0
Accrued payroll costs	112.9	138.6	118.5	170.7
Income taxes liability	28.9	35.5	42.5	61.2
Advance billings to customers	18.5	22.7	23.8	34.3
Provisions current portion	25.5	31.3	40.2	58.0
Other current liabilities	173.0	212.4	158.7	228.5
<b>Total current liabilities</b>	<b>673.9</b>	<b>827.1</b>	<b>679.7</b>	<b>979.2</b>
Deferred tax liabilities	132.1	162.1	120.7	173.9
Provisions non-current portion	91.6	112.4	104.6	150.7
Financial debt	1,482.0	1,818.5	1,282.8	1,848.0
Other non-current liabilities	32.5	39.9	31.9	46.0
<b>Total non-current liabilities</b>	<b>1,738.2</b>	<b>2,132.9</b>	<b>1,540.0</b>	<b>2,218.6</b>
Common stock 215,096,351 shares authorized and 151,409,611 shares with a 0.40 nominal value issued and outstanding at June 30, 2010; 151,146,594 at December 2009	60.6	74.3	60.5	87.1
Additional paid-in capital	1,967.5	2,414.3	1,965.9	2,832.1
Retained earnings	879.1	1,078.8	1,136.0	1,636.5
Treasury shares	(16.7)	(20.5)	(13.5)	(19.4)
Net income (loss) for the period attributable to owners of CGGVeritas SA	(0.4)	(0.5)	(264.3)	(380.7)
	(10.5)	(12.9)	0.9	1.2

Income and expense recognized directly in equity				
Cumulative translation adjustment	180.4	221.4	(224.2)	(323.0)
<b>Equity attributable to owners of CGGVeritas SA</b>	<b>3,060.0</b>	<b>3,754.9</b>	<b>2,661.3</b>	<b>3,833.8</b>
Non-controlling interests, presented within equity	49.7	61.0	40.2	58.0
<b>Total equity</b>	<b>3,109.7</b>	<b>3,815.9</b>	<b>2,701.5</b>	<b>3,891.8</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,521.8</b>	<b>6,775.9</b>	<b>4,921.2</b>	<b>7,089.6</b>

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

(2) Dollar amounts represent euro amounts converted at the exchange rate of US\$1.441 per on the balance sheet date.

See notes to Consolidated Financial Statements

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

except per share data, amounts in millions of	Three months ended June 30,			
	2010	2009		
		US\$ (1)	US\$ (1)	US\$ (1)
<b>Operating revenues</b>	<b>498.0</b>	<b>646.9</b>	<b>572.6</b>	<b>778.9</b>
Other income from ordinary activities	0.7	0.9	0.8	1.2
<b>Total income from ordinary activities</b>	<b>498.7</b>	<b>647.8</b>	<b>573.4</b>	<b>780.1</b>
Cost of operations	(398.9)	(518.4)	(453.8)	(615.9)
<b>Gross profit</b>	<b>99.8</b>	<b>129.4</b>	<b>119.6</b>	<b>164.2</b>
Research and development expenses, net	(15.5)	(20.2)	(13.8)	(18.8)
General and administrative expenses	(47.2)	(61.2)	(47.0)	(63.9)
Marketing and selling expenses	(13.4)	(17.3)	(14.0)	(19.0)
Other revenues (expenses), net	4.8	6.4	(61.3)	(82.1)
<b>Operating income</b>	<b>28.5</b>	<b>37.1</b>	<b>(16.5)</b>	<b>(19.6)</b>
Expenses related to financial debt	(26.5)	(34.5)	(25.7)	(34.9)
Income provided by cash and cash equivalents	0.7	0.9	0.4	0.6
<b>Cost of financial debt, net</b>	<b>(25.8)</b>	<b>(33.6)</b>	<b>(25.3)</b>	<b>(34.3)</b>
Other financial income (loss)	7.9	10.3	(5.3)	(7.0)
<b>Income of consolidated companies before income taxes</b>	<b>10.6</b>	<b>13.8</b>	<b>(47.1)</b>	<b>(60.9)</b>
Deferred taxes on currency translation	0.2	0.4	5.4	7.2
Other income taxes	(2.2)	(2.7)	14.2	18.5
<b>Total income taxes</b>	<b>(2.0)</b>	<b>(2.3)</b>	<b>19.6</b>	<b>25.7</b>
<b>Net income from consolidated companies</b>	<b>8.6</b>	<b>11.5</b>	<b>(27.5)</b>	<b>(35.2)</b>
Equity in income of investees	(2.3)	(3.2)	2.0	2.7
<b>Net income</b>	<b>6.3</b>	<b>8.3</b>	<b>(25.5)</b>	<b>(32.5)</b>
<i>Attributable to :</i>				
<i>Owners of CGGVeritas SA</i>	2.2	2.9	(27.9)	(35.8)
<i>Non-controlling interests</i>	4.1	5.4	2.4	3.3
Weighted average number of shares outstanding	151,358,044	151,358,044	150,793,834	150,793,834
Dilutive potential shares from stock-options	410,970	410,970	336,593	336,593
Dilutive potential shares from free shares	314,773	314,773	806,500	806,500
Adjusted weighted average number of shares and assumed option exercises when dilutive	152,083,787	152,083,787	151,936,927	151,936,927
<b>Net income (loss) per share attributable to owners of CGGVeritas SA</b>				
Basic	0.01	0.02	(0.18)	(0.24)
Diluted	0.01	0.02	(0.18)	(0.24)

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



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

except per share data, amounts in millions of	Six months ended June 30,			
	2010	2009		
		US\$ (1)		US\$ (2)
<b>Operating revenues</b>	<b>996.0</b>	<b>1,343.0</b>	<b>1,221.1</b>	<b>1,630.1</b>
Other income from ordinary activities	1.6	2.1	1.6	2.1
<b>Total income from ordinary activities</b>	<b>997.6</b>	<b>1,345.1</b>	<b>1,222.7</b>	<b>1,632.2</b>
Cost of operations	(791.8)	(1,067.7)	(907.8)	(1,211.8)
<b>Gross profit</b>	<b>205.8</b>	<b>277.4</b>	<b>314.9</b>	<b>420.4</b>
Research and development expenses, net	(28.8)	(38.8)	(30.0)	(40.0)
General and administrative expenses	(96.5)	(130.2)	(98.8)	(131.8)
Marketing and selling expenses	(30.1)	(40.5)	(28.9)	(38.6)
Other revenues (expenses), net	4.4	5.9	(73.5)	(98.2)
<b>Operating income</b>	<b>54.8</b>	<b>73.8</b>	<b>83.7</b>	<b>111.8</b>
Expenses related to financial debt	(51.7)	(69.7)	(52.7)	(70.4)
Income provided by cash and cash equivalents	1.4	1.9	1.4	1.8
<b>Cost of financial debt, net</b>	<b>(50.3)</b>	<b>(67.8)</b>	<b>(51.3)</b>	<b>(68.6)</b>
Other financial income (loss)	15.3	20.7	(2.9)	(3.9)
<b>Income of consolidated companies before income taxes</b>	<b>19.8</b>	<b>26.7</b>	<b>29.5</b>	<b>39.3</b>
Deferred taxes on currency translation	(2.5)	(3.4)	5.7	7.6
Other income taxes	(8.6)	(11.7)	(9.0)	(12.0)
<b>Total income taxes</b>	<b>(11.1)</b>	<b>(15.1)</b>	<b>(3.3)</b>	<b>(4.4)</b>
<b>Net income from consolidated companies</b>	<b>8.7</b>	<b>11.6</b>	<b>26.2</b>	<b>34.9</b>
Equity in income of investees	(2.1)	(2.8)	2.4	3.3
<b>Net income</b>	<b>6.6</b>	<b>8.8</b>	<b>28.6</b>	<b>38.2</b>
<i>Attributable to :</i>				
<i>Owners of CGGveritas SA</i>	(0.4)	(0.6)	24.9	33.3
<i>Non-controlling interests</i>	7.0	9.4	3.7	4.9
Weighted average number of shares outstanding	151,275,968	151,275,968	150,705,772	150,705,772
Dilutive potential shares from stock-options	403,108	403,108	308,688	308,688
Dilutive potential shares from free shares	314,773	314,773	806,500	806,500
Adjusted weighted average number of shares and assumed option exercises when dilutive	151,993,849	151,993,849	151,820,960	151,820,960
<b>Net income (loss) per share attributable to owners of CGGVeritas SA</b>				
Basic			0.17	0.22
Diluted			0.16	0.22

(1) Dollar amounts represent euro amounts converted at the average exchange rate

for the period of  
US\$1.348 per .

- (2) Dollar amounts  
represent euro  
amounts  
converted at the  
average  
exchange rate  
for the period of  
US\$1.335 per .

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**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

Amounts in millions of	Six months ended June 30,	
	2010	2009
<b>Net income from statements of operations</b>	<b>6.6</b>	<b>28.6</b>
Gain (loss) on cash flow hedges	(4.7)	9.9
Income taxes	1.6	(3.4)
<b>Net gain (loss) on cash flow hedges</b>	<b>(3.1)</b>	<b>6.5</b>
Gain (loss) on available-for-sale investments		
Income taxes		
<b>Net gain (loss) on available-for-sale investments</b>		
Gain (loss) on actuarial changes on pension plan		(0.1)
Income taxes		
<b>Net gain (loss) on actuarial changes on pension plan</b>		<b>(0.1)</b>
<b>Exchange differences on foreign currency translation</b>	<b>409.7</b>	<b>(26.8)</b>
<b>Other comprehensive income (loss) for the period, net of taxes, in companies consolidated under the equity method</b>	<b>(8.3)</b>	
<b>Other comprehensive income (loss) for the period, net of taxes</b>	<b>398.3</b>	<b>(20.4)</b>
<b>Total net comprehensive income for the period</b>	<b>404.9</b>	<b>8.2</b>
<i>Attributable to :</i>		
<i>Owners of CGGVeritas SA</i>	392.8	4.9
<i>Non-controlling interests</i>	12.1	3.3

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

amounts in millions of	Six months ended June 30,			
	2010	2009		2009
		US\$ (1)		US\$ (2)
<b>OPERATING</b>				
Net income (loss)	6.6	8.9	28.6	38.2
Depreciation and amortization	111.4	150.2	159.6	213.0
Multi-client surveys amortization	80.2	108.1	89.0	118.8
Variance on provisions	(48.6)	(65.5)	44.7	59.6
Expense & income calculated on stock-option	7.2	9.7	10.6	14.1
Net gain on disposal of fixed assets	0.2	0.3	1.8	2.4
Equity in income of affiliates	2.1	2.8	(2.4)	(3.3)
Dividends received from affiliates	2.2	3.0		
Other non-cash items	(10.3)	(13.9)	(5.1)	(6.8)
<b>Net cash including net cost of financial debt and income taxes</b>	<b>151.0</b>	<b>203.6</b>	<b>326.8</b>	<b>436.0</b>
Less net cost of financial debt	50.3	67.8	51.3	68.6
Less income taxes expenses	11.2	15.1	3.3	4.4
<b>Net cash excluding net cost of financial debt and income taxes</b>	<b>212.5</b>	<b>286.5</b>	<b>381.4</b>	<b>509.0</b>
Income taxes paid	(47.5)	(64.0)	(41.8)	(55.8)
<b>Net cash before changes in working capital</b>	<b>165.0</b>	<b>222.5</b>	<b>339.6</b>	<b>453.2</b>
- change in trade accounts and notes receivables	31.6	42.6	8.6	11.5
- change in inventories and work-in-progress	(3.5)	(4.7)	39.2	52.3
- change in other current assets	(28.5)	(38.4)	(7.5)	(10.0)
- change in trade accounts and notes payable	15.2	20.5	(65.1)	(86.9)
- change in other current liabilities	(30.2)	(40.7)	(43.6)	(58.3)
Impact of changes in exchange rate	23.1	31.1	(16.2)	(21.5)
<b>Net cash provided by operating activity</b>	<b>172.7</b>	<b>232.9</b>	<b>255.0</b>	<b>340.3</b>
<b>INVESTING</b>				
Total purchases of tangible and intangible assets (including variation of fixed assets suppliers)	(86.4)	(116.5)	(75.0)	(100.1)
Increase in multi-client surveys	(128.0)	(172.6)	(144.5)	(192.9)
Proceeds from disposals of tangible and intangible	3.3	4.4	2.6	3.5
Total net proceeds from financial assets	1.3	1.8		
Total net acquisition of investments	(1.2)	(1.6)	(65.0)	(86.7)
Impact of changes in consolidation scope			(2.0)	(2.7)
Variation in loans granted	(0.4)	(0.5)	(4.0)	(5.3)
Variation in subsidies for capital expenditures	0.8	1.1	(0.1)	(0.1)
Variation in other financial assets	(1.4)	(1.9)	(0.9)	(1.2)
<b>Net cash used in investing activities</b>	<b>(212.0)</b>	<b>(285.8)</b>	<b>(288.9)</b>	<b>(385.5)</b>
<b>FINANCING</b>				
Repayment of long-term debts	(42.3)	(57.0)	(137.7)	(183.8)
Total issuance of long-term debts	2.2	3.0	241.5	322.3
Reimbursement on leasing	(44.6)	(60.1)	(14.7)	(19.6)
Change in short-term loans	2.4	3.2	2.5	3.3
Financial interest paid	(47.8)	(64.4)	(58.8)	(78.5)

<i>Net proceeds from capital increase</i>				
- from shareholders	1.7	2.3		
- from non-controlling interest of consolidated companies				
Disposal (acquisition) of treasury shares	(3.2)	(4.3)	1.6	2.1
Dividend paid to non-controlling interest	(3.0)	(4.0)	(2.5)	(3.3)
<b>Net cash provided by (used in) financing activities</b>	<b>(134.6)</b>	<b>(181.5)</b>	<b>31.9</b>	<b>42.5</b>
Effects of exchange rate changes on cash	53.7	(15.6)	0.6	11.9
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(120.2)</b>	<b>(250.0)</b>	<b>(1.4)</b>	<b>9.2</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>480.3</b>	<b>691.9</b>	<b>516.9</b>	<b>719.4</b>
<b>Cash and cash equivalents at end of period</b>	<b>360.1</b>	<b>441.9</b>	<b>515.5</b>	<b>728.6</b>

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

(2) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US\$1.335 per (except cash and cash equivalents balances converted at the closing exchange rate of US\$1.413 per at June 30, 2009).

and of  
US\$1.392 per  
at December 31,  
2008).



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**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Amounts in millions of euros, except share data)	Number of Shares issued	Share capital	Additional paid-in capital	Retained earnings	Treasury shares	Income and expenses Recognized directly in equity	Cumulative translation adjustment	Equity attributable to owners of CGG Veritas SA	Non-controlling interests	Total
Balance at January 1, 2009	150,617,709	60.2	1,964.7	1,132.2	(18.1)	(2.5)	(176.4)	2,960.1	38.5	2,998.6
Net increase	352,250	0.2						0.2		0.2
Net income				24.9				24.9	3.7	28.6
Share-based payment				10.6				10.6	(2.5)	8.1
Provisions on treasury shares					1.6			1.6		1.6
Gain (loss) on actuarial changes on pension						(0.1)		(0.1)		(0.1)
Gain (loss) on cash flow hedges (2)						6.5		6.5		6.5
Exchange differences on foreign currency translation(3)							(26.4)	(26.4)	(0.4)	(26.8)
Comprehensive income(1)+(2)+(3)						6.4	(26.4)	(20.0)	(0.4)	(19.9)
Changes in consolidation scope and other				0.3				0.3		0.3
Balance at June 30, 2009	150,969,959	60.4	1,964.7	1,168.0	(16.5)	3.9	(202.8)	2,977.7	39.3	3,017.0

Amounts in millions of euros, except share data)	Number of Shares issued	Share capital	Additional paid-in capital	Retained earnings	Treasury shares	Income and expenses Recognized directly in equity	Cumulative translation adjustment	Equity attributable to owners of CGG Veritas SA	Non-controlling interests	Total
Balance at January 1, 2010	151,146,594	60.5	1,965.9	871.7	(13.5)	0.9	(224.2)	2,661.3	40.2	2,701.5
Net increase	263,017	0.1	1.6					1.7		1.7
Net income				(0.4)				(0.4)	7.0	6.6
Share-based payment				7.2				7.2	(3.0)	4.2
Provisions on treasury shares					(3.2)			(3.2)		(3.2)
Gain (loss) on actuarial changes on pension										
Gain (loss) on cash flow hedges (2)						(11.4)		(11.4)		(11.4)

<i>Change differences on foreign currency translation (3)</i>							404.6	404.6	5.1
Comprehensive income(1)+(2)+(3)					(11.4)	404.6	393.2	5.1	
Adjustments in consolidation scope and other		0.2					0.2	0.4	
<b>Balance at June 30, 2010</b>	<b>151,409,611</b>	<b>60.6</b>	<b>1,967.5</b>	<b>878.7</b>	<b>(16.7)</b>	<b>(10.5)</b>	<b>180.4</b>	<b>3,060.0</b>	<b>49.7</b>

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**COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.  
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 services industry, providing a wide range of seismic data acquisition, processing and interpretation services as well as related processing and interpretation software to clients in the oil and gas exploration and production business. It is also a global manufacturer of geophysical equipment.

Given that the Company is listed on Euronext Paris and pursuant to European regulation n°1606/2002 dated July 19, 2002, the accompanying interim condensed consolidated financial statements have been prepared in accordance with International IAS 34 as issued by the International Accounting Standards Board ( IASB ) and adopted by the European Union.

These interim condensed consolidated financial statements have been authorized by the Board of Directors for issue on July 28, 2010.

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates due to the change in economic conditions, changes in laws and regulations, changes in strategy and the inherent imprecision associated with the use of estimates.

The interim condensed consolidated 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 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 of and for the year ended December 31, 2009 included in its report on Form 20-F for the year 2009 filed with the SEC on April 23, 2010.

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, 2009, except for the adoption of the following new Standards and Interpretations:

IFRIC 12 Service Concession Arrangements adopted by the European Union in June 2009, and applicable on January 1, 2010

IFRIC 16 Hedges of a Net Investment in a Foreign Operation adopted by the European Union in June 2009, and applicable on January 1, 2010

IAS 27 Amendment Consolidated and Separate Financial Statements adopted by the European Union in June 2009, and applicable on January 1, 2010

IFRS 3R Business Combinations adopted by the European Union in June 2009, and applicable on January 1, 2010

IFRIC 15 Agreements for the Construction of Real Estate adopted by the European Union in July 2009, and applicable on January 1, 2010

Amendment to IAS 39: Eligible Hedged Items Combinations reclassification of financial assets adopted by the European Union in September 2009, and applicable as of January 1, 2010

The adoption of these new standards and interpretations did not have any material impact on the Group s interim financial statements.

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

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by the European Union:

IFRS9 Financial instruments: Recognition and Measurement of financial assets

Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

2008-2010 annual improvements to IFRS

Amendment to IAS32 Classification of rights issues- adopted by the European Union in December 2009, and applicable as of January 1, 2011.

IAS24 Related Party Disclosures adopted by the European Union in July 2010, and applicable as of January 2011.

The Group has not opted for the early adoption of these Standards, Amendments and Interpretations and it is currently reviewing them to measure the potential impact on the interim condensed consolidated financial statements. At this stage, we do not anticipate any significant impact.

***Use of estimates***

Significant estimates in preparing financial statements that could have a material impact on the carrying values of assets and liabilities relate to:

Amortization of multi-client data library,

Depreciation and, if applicable, impairment of tangible and intangible assets, including goodwill,

Development costs,

Valuation of investments,

Recoverability of goodwill and intangible assets,

Income taxes, and

Employee benefit plans.

***Judgments***

The major accounting matters that are subject to management judgments, which have a material effect on the carrying amounts of assets and liabilities recognized in the interim condensed consolidated financial statements, relate to:

Collectibility of accounts receivable,

Recoverability of deferred tax assets,

Fair value of assets and liabilities as part of the different purchase price allocations, and

Provision for contingencies, claims and litigations.

***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*

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. We record payments that it receives during periods of mobilization as advance billing in the balance sheet in the line item Advance billings to customers .

We recognize pre-commitments as revenue when production has begun based on the physical progress of the project.

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*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.

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, we are required to meet certain milestones. We defer 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.

*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 proportional performance basis over the contract period.

*Other geophysical sales/ services*

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

*Customer loyalty programs*

We may grant award credits to our main clients. These award credits are contractually based on cumulative services provided and invoiced during the calendar year and attributable to future services.

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These credits are considered as a separate component of the initial sale and measured at their fair value by reference to the contractual rates and the forecasted cumulative revenues for the calendar year. These proceeds are recognized as revenue only when the obligation has been fulfilled.

**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 at each balance sheet date at the relevant level (independent surveys or groups of surveys).

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 five amortization rates 50%, 65%, 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 patterns. An amortization rate of 65% is applied to the surveys acquired as a result of our acquisition of Veritas.

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.

**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 January 22, 2010, we sold our seismic vessel *Harmattan* for U.S.\$3.4 million.

On February 9, 2010, we exercised our purchase option for the seismic vessel *Geo Challenger* for NOK250 million. We also sent a termination notice for our time charter on the *Pacific Titan*.



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On June 30, 2010, we entered into an agreement with Norfield AS providing for us to acquire full ownership of the seismic vessel *Voyager* in exchange for certain assets as part of the restructuring of Norfield AS. This agreement is subject to certain conditions precedent. As a result of such agreement, \$58.1 million of our assets to be transferred were classified as held for sale on our balance sheet at June 30, 2010.

**Note 3 Financial debt**

On February 26, 2010, we repaid \$35 million under our French revolving facility.

Our net financial debt amounted to \$1,183.0 million at June 30, 2010 compared to \$918.7 at December 31, 2009.

As of June 30, 2010 the Group had \$11 million available in unused short-term credit lines and overdraft facilities and \$277 million in unused long-term credit lines.

All covenants were complied with as of June 30, 2010.

**Note 4 Common stock and stock options plans**

As of June 30, 2010, the Company's share capital consisted of 151,409,611 shares, each with a par value of \$0.40.

**New stock option plans and performance shares allocation plan**

On January 6, 2010, the Board of Directors allocated 220,000 stock options to one beneficiary pursuant to a shareholders' resolution. The exercise price of the stock options is \$14.71. The stock options expire on January 6, 2018. 110,000 of these stock options vest immediately, 55,000 will vest as of January 7, 2011 and 55,000 will vest as of January 7, 2012.

On March 22, 2010, the Board of Directors allocated:

1,348,150 stock options to 338 beneficiaries pursuant to a shareholders' resolution. The exercise price of the stock options is \$19.44. The stock options expire on March 22, 2018. Rights to these options vest by one-third during each of the first three years of the plan;

509,925 performance shares to 332 beneficiaries pursuant to a shareholders' resolution, including 73,125 performance shares that were allocated to executive officers who were members of the Executive Committee (excluding the Chairman and the Chief Executive Officer);

200,000 stock options to the Chairman and Chief Executive Officer. Their exercise price is \$19.44. Rights to these options vest by one-third during each of the first three years of the plan. Such vesting is subject to performance conditions based on the fulfillment of one of the following objectives:

A share price performance objective relative to the share price considering the SBF 120 index;

A share price performance objective relative to the ADS price considering the PHLX Oil Services Sector<sup>sm</sup> (OSX<sup>sm</sup>) index; or

A financial indicator in the form of an EBITDAS objective expressed in U.S.\$ and related to the target for the annual variable part of compensation of the Chairman and Chief Executive Officer.

The options have an eight-year duration subject to the requirement, for all French residents, to hold the resulting shares in registered form from their purchase date until March 22, 2014 inclusive, except in limited cases listed in the plan regulation.

Information relating to options outstanding at June 30, 2010 is summarized below:

Date of Board of Directors' Resolution	Options granted	Options outstanding at June 30, 2010	Exercise price per share	Fair value per share at the grant share date	Expiration date
May 15, 2003	849,500	243,600	2.91	2.23(a)	May 14, 2011

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May 11, 2006	1,012,500	951,845	26.26	14.97(b)	May 10, 2014
March 23, 2007	1,308,750	1,190,750	30.40	12.65(c)	March 22, 2015
March 14, 2008	1,188,500	1,116,500	32.57	12.06(d)	March 14, 2016
March 16, 2009	1,327,000	1,176,868	8.82	4.63(e)	March 15, 2017
January 6, 2010	220,000	220,000	14.71	8.23(f)	January 6, 2018
March 22, 2010	1,548,150	1,546,350	19.44	10.10(g)	March 22, 2018
<b>Total</b>	<b>7,454,400</b>	<b>6,445,913</b>			

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- (a) Based on a volatility of 57% and a risk-free rate of 3.9%.
- (b) Based on a volatility of 35% and a risk-free rate of 3.8%
- (c) Based on a volatility of 36% and a risk-free rate of 3.95%
- (d) Based on a volatility of 39% and a risk-free rate of 3.47%
- (e) Based on a volatility of 50% and a risk-free rate of 2.88%
- (f) Based on a volatility of 52% and a risk-free rate of 2.78%
- (g) Based on a volatility of 52% and a risk-free rate of 2.44%

The exercise price for each option is the average fair market value of our common stock during the 20 consecutive trading days ending on the trading day immediately preceding the date the option is granted.

According to IFRS 2, the fair value of stock options granted since November 7, 2002 (comprising the May 2003, May 2006, March 2007, March 2008, 2009 and 2010 plans) is recognized as an expense over the life of the plan, which represented a 7.2 million expense for the six month period ended June 30, 2010 (of which 3.7 million was for members of the Executive Committee), and a 10.6 million expense for the six months ended June 30, 2009 (of which 3.5 million was for members of the Executive Committee).

A summary of the Company's stock option transactions and related information follows:

	<b>June 30, 2010</b>		<b>June 30, 2009</b>	
	<b>Number of options</b>	<b>Weighted average exercise price in</b>	<b>Number of options</b>	<b>Weighted average exercise price in</b>
Outstanding-beginning of period	4,958,740	22.35	4,181,985	25.43
Granted	1,768,150	18.85	1,327,000	8.82
Exercised	(242,879)	6.70	(7,500)	4.60
Forfeited	(38,098)	14.95	(294,860)	15.05
<b>Outstanding-end of period</b>	<b>6,445,913</b>	<b>14.23</b>	<b>5,206,625</b>	<b>21.81</b>

#### **Note 5 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 on behalf of a specific client;

Multi-client land: seismic data acquisition licensed to a number of clients on a non-exclusive basis;

Marine contract: seismic data acquisition offshore on behalf of a specific client;

Multi-client marine: seismic data acquisition licensed to a number of clients on a non-exclusive basis; and

Processing and Imaging: processing, 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, handles 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 geophysical equipment segment to the geophysical services segment. These inter-segment sales and the related operating income recognized by the geophysical equipment segment are eliminated in consolidation and presented in the column "Eliminations and Adjustments" in the tables that follow.

Operating income of an industry segment represents operating revenues and other income from ordinary activities less expenses of that 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 followed by the segment management and because financing and investment are mainly managed at the corporate level.

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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.

The following tables present revenues, operating income and identifiable assets by operating segment, and operating revenues by geographic area (by location of customers).

**Analysis by operating segment**

(in millions of euros)	Three months ended June 30,						
	2010 Eliminations and Consolidated		Services (a)	2009 Eliminations and Consolidated		Services (a)	Total
Services	Equipment	Adjustments		Equipment	Adjustments		
<b>Revenues from unaffiliated customers</b>	<b>353.3</b>	<b>144.7</b>		<b>498.0</b>	<b>409.3</b>	<b>163.3</b>	<b>572.6</b>
Inter-segment revenues		45.9	(45.9)		0.2	11.9	(12.1)
<b>Operating revenues</b>	<b>353.3</b>	<b>190.6</b>	<b>(45.9)</b>	<b>498.0</b>	<b>409.5</b>	<b>175.2</b>	<b>572.6</b>
Other income from ordinary activities		0.7		0.7		0.8	0.8
<b>Total income from ordinary activities</b>	<b>353.3</b>	<b>191.3</b>	<b>(45.9)</b>	<b>498.7</b>	<b>409.5</b>	<b>176.0</b>	<b>573.4</b>
<b>Operating income (loss)</b>	<b>4.1</b>	<b>50.5</b>	<b>(26.1)</b> <sup>(b)</sup>	<b>28.5</b>	<b>(39.3)</b>	<b>41.9</b>	<b>(19.1)</b> <sup>(b)</sup>
Equity in income (loss) of investees	(2.3)			(2.3)	2.0		2.0
Capital expenditures <sup>(c)</sup>	112.9	9.6		122.5	103.9	3.7	107.9
Depreciation and amortization <sup>(d)</sup>	86.8	8.8	0.4	96.0	133.0	6.9	140.3
Investments in companies under equity method	1.2			1.2			

(a) The segment information related to our Services segment for the three months ended June 30, 2009 was restated to reflect the change in our internal financial

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

- (b) Includes general corporate expenses of 9.6 million for the three months ended June 30, 2010 and 11.5 million for the comparable period in 2009.
- (c) Includes investments in multi-client surveys of 65.8 million for

the three months  
ended June 30,  
2010 and

75.0 million for  
the three months  
ended June 30,  
2009 and  
capitalized  
development  
costs of

3.5 million for  
the three months  
ended June 30,  
2010 and

3.1 million for  
the comparable  
period of 2009,  
in the Services  
segment.

Capitalized  
development  
costs in the  
Equipment  
segment were

0.7 million for  
the three months  
ended June 30,  
2010 and 0.4  
million for the  
comparable  
period of 2009.

- (d) Includes  
multi-client  
survey  
amortization of  
40.3 million for  
the three months  
ended June 30,  
2010 and  
48.6 million for  
the comparable  
period of 2009.

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(in millions of US\$)	Three months ended June 30,							
	2010 (1)		Eliminations and Consolidated		2009 (1)		Eliminations and Consolidated	
	Services	Equipment	Adjustments	Total	Services	Equipment	Adjustments	Total
<b>Revenues from unaffiliated customers</b>	<b>459.9</b>	<b>187.0</b>		<b>646.9</b>	<b>557.6</b>	<b>223.6</b>	<b>(2.3)</b>	<b>778.9</b>