

PC 20335

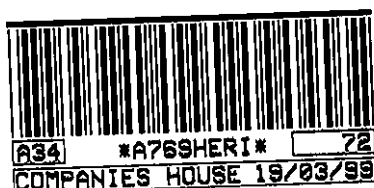
Balance Sheets
(in millions of French Francs)

Assets

	1997	1996
Current Assets		
Cash and cash equivalents	20 885 915	43 664 470
Trade accounts and notes receivable	115 704 529	69 267 348
Inventories and work-in-progress	7 685 329	6 144 034
Prepaid expenses and other current assets	32 601 852	15 386 152
Total current assets	176 877 625	134 462 004
Investments in companies under equity method		
Loans receivable and other investments		
Investments and other assets		
Property, plant and equipment	115 402 638	82 190 802
Intangible assets		
Goodwill		
Total assets	292 280 263	216 652 806

Liabilities and Shareholders' Equity

Liabilities		
Trade accounts and notes payable	81 704 256	70 074 531
Other current liabilities	60 792 705	13 799 966
Provisions for contingencies and expenses	3 788 491	691 000
Debt	38 439 338	44 506 951
Total liabilities	184 724 790	129 072 448
Minority interest		
Common stock		
3, 871, 442 shares with a FF 10 nominal value issued and outstanding at December 31, 1996		
3, 076, 280 shares at December 31, 1995 and 1994	80 000 000	80 000 000
Additional paid-in capital		
Retained earnings and other reserves	27 555 473	7 580 358
Shareholder's equity	107 555 473	87 580 358
Total liabilities and shareholder's equity	292 280 263	216 652 806



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CGG MARINE
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Statements of Operations
(in millions of French Francs)

	1 997	1996*
Net sales	426 065 182	149 868 943
Purchases		
External expenses other than purchases	(299 392 412)	(120 277 035)
Personnel costs	(47 890 952)	(21 737 939)
Taxes other than income taxes	(3 494 018)	(549 491)
Depreciation and amortization	(54 167 766)	(4 393 340)
Other operating income (expenses), net	30 621 301	5 855 620
Share in pre-tax income (losses) of equity affiliates		
Total operating expenses and other operating income	(374 323 847)	(141 102 185)
Operating income (loss)	51 741 335	8 766 758
Exchange gains (losses), net	(14 250 744)	(92 064)
Interest income (expense), net	(1 496 150)	550 797
Financial income (loss)	(15 746 894)	458 733
Income (loss) from operations before non-recurring	35 994 441	9 225 491
Non-recurring income (expenses), net	(1 166 733)	(1 150)
Employee profit sharing		
Income taxes	(14 852 594)	(1 643 983)
Net income (loss)	19 975 114	7 580 358
Net incomes (loss) per share in (FF)	24,97	9,48
Average number of shares outstanding	800 000	800 000

* CGG Marine has been incorporated the 1st July 1996

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The informations below are accounts' appendixes before distribution of profits of the financial year ended 31 December 1997. The total of the balance sheet is 292 280 263 Frf and the result of the year is 19 975 114 Frf.

Accounting principles

The accounts are draw up according to the French Accounting principles.

Fixed assets

Fixed assets are evaluated at their cost price.

They are depreciated according to the linear principle. The usual depreciation time is:

Software	5 years
Technical equipment	3 to 4 years
Office equipment	6 to 10 years
Hardware	3 to 5 years

Stock

The stocks are accounted at their price cost. A provision for depreciation is constituted when the value of the stocks is smaller than their acquisition cost.

Foreign currency

Balances denominated in foreign currencies have been translated at rates ruling at the balance sheet date. Transactions have been recorded at average exchange rates during the year.

Contingency and loss provision

CGG Marine provisions the different risk known at the end of the year.

Fiscal system

CGG Marine is taxable in France for its activity connected with France (Brazil for 1997).
It is also taxable in Great Britain, Nigeria, Congo and Brazil.

BALANCE SHEET

Fixed assets (KF)

	<u>End 1996</u>	<u>increase</u>	<u>decrease</u>	<u>End 1997</u>
Fixed assets	85.469	68.467	2.783	151.153
Depreciation	3.278	32.906	434	35.750
Net value	82.191	35.561	2.349	115.403

Prepaid expenses and other current assets

Distributed charges (22.451 KF) are depreciated in 24 months. They correspond to the conversion of the Harmattan and Fohn vessels.

Prepaid expenses (10.150 KF) mainly correspond to the boats rent for January 1998.

Provisions (KF)

	<u>End 1996</u>	<u>increase</u>	<u>decrease</u>	<u>End 1997</u>
Provision for retirements	190	341	11	520
Other expenses	500	3.268	500	3.268

Aged creditors and debtors schedule

Creditors (KF)

	<u>Gross amount</u>	<u><1 year</u>	<u>>1 year</u>
Clients	101.815	101.815	
State	13.118	13.118	
Others	914	914	
Prepaid expenses	10.150	10150	
	<hr/>	<hr/>	
Total	125.997	125.997	

Debtors (KF)

Loans and financial debts	38.439	20.340	18.099
Suppliers	81.704	81.704	
Fiscal and social debts	32.084	32.084	
Group	28.699	28.699	
Others	10	10	
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Total	180.936	162.837	18.099

Relations with group companies

The amounts included in the balance sheet concerning group companies are as followed:

Credit	22.309 KF
Debit	46.506 KF

PROFIT AND LOSS ACCOUNT

Sales

The turnover of the year 1997 is 426.065 KF and corresponds to 12 months of economic activity.

Financial result

The detail of the financial result is :

Profit from cession of securities	356 KF
Creditors interest	1.517 KF
Debtors interest	-3.370 KF
Exchange loss	-14.251 KF

Total	-15.748 KF
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Income Tax

An income Tax provision is in the accounts for 14.853 KF and concerns the foreign economic activity.

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